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RED FLAG

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CHINA REPORT

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Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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NEW TASK IN FINANCIAL WORK

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 2-7

[Article by Wang Bingqian [3769 0014 0051]]

[Text] China's finance should serve the realization of the general line and tasks of the party and state at various historical periods. The 12th CPC National Congress has put forward the general line and tasks and the strategic objective for our party at the present stage. How to conscientiously sum up the historical experience in financial work and create a new situation in the new period of socialist construction are the important tasks confronting us. The following are some of my personal views on the issue.

I. Correctly Handle the Relations Between Finance and the Economy

Comrade Mao Zedong once laid down the general principle of "developing the economy and ensuring supplies" for our financial and economic work, correctly expounded the relations between finance and the economy, and pointed out that the economy determined finance and that the correctness or incorrectness of financial policies could also affect the economy. According to the practice of the 30-odd years since the founding of the PRC, I think these relations can be manifested in the following three respects: 1) The economy determines finance and is the source of finance. Without the development of the economy, there would be no flourishing financial resources and growth of revenue. Therefore, the financial departments should, through the implementation of various economic and financial policies and provisions, through the supply and distribution of funds, and through other routine work, promote the development of the economy and the attainment of better results, build up and open new financial resources, and ensure the supply of funds for the four modernizations. 2) Finance reflects the economy. Finance, as an integrated organ, has sensitive reactions and a quick access of information. The collection of revenue and the financial spending can reflect, from both macro and micro aspects, the situation and the existing problems in the development of the national economy. By making a study of the condition of revenue and expenditure, we can promptly solve the economic problems instead of aggravating them and affecting the overall situation. 3) Finance conditions the economy. The appropriate scale of production and construction arranged every year must be conditioned by the

financial resources of the state. It is necessary, for the development of the economy, to draw a reasonable demarcation line in finance according to the capacity and needs of the financial resources of the state. Finance can, through its supervisory function, impel the economy to develop in accordance with the objective law and restrict blind developments which might occur under certain circumstances.

By conditioning the economy, finance first conditions the macroeconomy, that is, in the development of the national economy, it takes into account the capacity of the financial resources of the state. Such conditioning plays a positive role. For example, while working out the national economic and social development plan, the financial departments can, through the examination and summarization of the implementation of the previous financial plan, put forward proposals for the calculation and distribution of the financial resources allocated for the plan, so that the plan worked out is feasible, proportionally balanced, can ensure the stability and development of the current economy, link up with the long-term objective, and lay a solid foundation for future development. Meanwhile, the microeconomy conditioned by finance can also play a positive role. For example, it can actively support the construction projects which are rationally distributed and which can attain better economic results. It can use financial means or apply economic sanctions to restrict those construction projects which are developed blindly, which excessively manufacture identical products, which lack energy resources and raw materials, which produce unmarketable goods, and which contend for raw materials with the large and advanced enterprises. It can also use the same financial means and apply economic sanctions to the enterprises which waste money and manpower and make socialism suffer.

II. Ensure That Revenue Accounts for a Reasonable Proportion in the National Income

The proportion of revenue in the national income has a great impact on the construction of the state and the people's life. Facts have proved that if revenue constitutes a larger proportion in the national economy, it will squeeze out the interests of other factors and dampen their enthusiasm, which is disadvantageous to the development of the national economy and also to the improvement of the people's life. If revenue constitutes a smaller proportion in the national income, the funds will be excessively scattered and it will be difficult for the state to keep the necessary financial resources within control and to develop major undertakings which can benefit the state and the people. Furthermore, the consumption funds and the scale of capital construction will be out of control, which will lead to an imbalance of proportion.

In most years in the past, revenue constituted an excessive large proportion in the national income, which adversely affected the national economy. However, the proportion was too small in recent years. It was around 27 percent in 1981, only 25.5 percent in 1982, and is estimated to be only 26.6 percent in 1983, which is extremely unfavorable to the readjustment of the current national economy and to long-range development. The

construction during more than 30 years in China has greatly improved the production level and the people's life. However, because the country is big and the population large, ours is still a developing country with a backward economy. If we do not appropriately muster our financial resources, it will be impossible to develop the major state construction projects, to improve the people's life in the long run, and to fulfill the tasks of the four modernizations. Viewed from the present situation, it would be suitable if the proportion of revenue in the national income were to be kept at around 30 percent and at least not lower than 28 percent. Naturally, this proportion is by no means a fixed one. It will be readjusted in relation to the development of the economy.

In order to raise the proportion of revenue in the national income, it is necessary to do a lot of painstaking work. Of this, the most important task is to achieve better economic results and to reduce and close down the enterprises which are running at a loss. Now, there are many enterprises which have not attained better economic results and there are a considerable number of enterprises which are still suffering from deficits. In 1983, as the state subsidized around 20 billion yuan of the deficits incurred by enterprises of the industry, communications, commerce, grain, animal husbandry, capital construction, and other trades and allocated over 33 billion yuan for various price subsidies, the financial burden was gravely heavy. If such a state of affairs is not changed, it will be very difficult to raise the proportion of revenue in the national income.

In the distribution of funds, it is necessary to correctly handle the relations between centralism and decentralism. On one hand, as the conditions of various localities, departments, and enterprises differ greatly from each other, if the funds are not appropriately distributed, it will be unfavorable to suiting measures to local conditions and to the arousing of the initiative of various factors. On the other hand, only by appropriately pooling funds can we carry out the modernization program, ensure the needs of the key construction projects, and undertake the major projects. Objectively speaking, there must be a limit for the amount of funds to be pooled and distributed. In both pooling and distributing the funds, we must neither degrade the standard of our life, nor affect the modernization program. Due to the changes in the development of the political and economic situation, this limit will also fluctuate in various different periods. Sometimes we may muster more funds and at other times distribute more funds. However, viewed from the demands of the planned economy and the overall situation, we can run more things in a faster and better manner only by appropriately pooling more funds. For this reason, we must take note of properly handling the relations of distribution in the following:

1. The relations between the state and the peasants. We can neither exact excessive charges from the peasants, infringe upon their interests, and dampen their enthusiasm, nor adopt a one-sided viewpoint of "benevolence," inappropriately reduce the peasants' bounden duties, increase the granting of state subsidies to the peasants, and encroach upon the interests of the state. In recent years, a considerable amount of the increase in the peasants' income has been granted by the state in the form of price

subsidies. From now on, the peasants should rely mainly on increasing production and developing diversified economy to increase their income. After they have increased production and income, the peasants should make the necessary contributions to the building of the four modernizations because this is their bounden duty and precisely where their long-term interests lie. Naturally, we should fix a suitable limit for the contributions they make.

2. The relations between the state, enterprises, and individuals. The principle for correctly handling such relationships is to give consideration to the interests of the three sides. Specifically speaking, from the amount of increase in the income obtained by the state enterprises every year, the state should receive the biggest share, the enterprises the smaller share, and the individuals the smallest share. Due to the great disparity in the profits made by different enterprises, different proportional rates can be fixed for different circumstances. The state should receive the biggest share because it must ensure the supply of funds for the key construction projects. This principle should be upheld as it concerns the overall situation. The enterprises should get the smaller share because they need the funds for developing production and carrying out technical transformation, rationally utilizing the funds together with other special funds so as to bring about the best results. The workers' bonuses and welfare benefits should be handled according to the policies stipulated by the state. On one hand, we must strive to increase the workers' income on the basis of developing production and raising labor productivity; and on the other hand, we must strictly straighten out the methods of indiscriminately issuing bonuses and subsidies. If this matter is not correctly handled, it will not only decentralize the financial resources and affect the funds required by the enterprises for developing production, but will also encourage the tendencies of equalitarianism and "putting money above everything else."

3. The relations between the central and local authorities. The purpose of correctly handling this relationship lies in arousing the initiative of the two aspects. The fundamental method is to implement the financial system of "unified leadership and decentralized management," centralize the powers for major issues and decentralize the powers for minor issues, rely on the whole party in running finance, and arouse the initiative of all factors. Although the current financial system has its strong points and can play a positive role, it also has defects, which must be rectified by pooling funds and offsetting the weak points with the strong points. Meanwhile, we should enable the central authorities to control 70 percent of the financial resources so as to ensure the needs of the key construction projects and to give full play to the regulative role of the central financial departments.

III. Persist in Maintaining the Balance of Revenue and Expenditure and Never Make Deficit Budgets

In order to develop the national economy in a planned, proportional, and coordinated manner, it is necessary to maintain the balance of materials and funds, including the respective balance of the financial funds, credit

funds, and enterprise funds, and overall balance. With regard to the latter, the central point is the balance of revenue and expenditure. This is because finance is the main financial mainstay of the state for developing the economy and in the long run, all balances are to be ensured by financial balance. Viewed from history, the tense situation in markets, the short supply of goods, and soaring prices were all consequences of large deficits and an imbalance of finance. Generally speaking, the imbalance of finance is caused by erroneous economic policies and imbalance of proportion and of capital construction and consumption. In order to solve this problem, we must readjust the economy and adopt forceful financial measures to condition as well as promote the balance of the economy.

How should we maintain the balance of revenue and expenditure? The fundamental point is to adopt necessary measures from the aspects of the macro-economy and microeconomy, vigorously develop production, attain better economic results, and increase revenue. Meanwhile, we must also persist in the principle of acting according to our capabilities and doing our utmost in utilizing the financial funds. We must act according to the capabilities of the state financial and material resources in whatever things we do and never try to exceed the objective reality and do things which are beyond our power--this is what we mean by acting according to our capabilities. On this basis, we must give full play to subjective initiative, vigorously increase production and practice economy, increase revenue and retrench expenditure, and strive to do more things in a better manner--this is what we mean by doing our utmost. By appropriately integrating these two factors, we can respect the objective reality as well as give full play to subjective initiative, and attain fine results. In history, the things which ran counter to our capabilities were mainly manifested in two aspects: the scale of capital construction and the improvement of the people's life. Therefore, we must correctly arrange the scale of construction and make it suit our national power, regulate the expansion scale of investment, and pay close attention to this matter particularly under a favorable situation. The people's life should be improved according to the development level of production and not go beyond the capacity of our financial and material resources.

Concerning state revenue and expenditure, we must adhere to the policy of "reaching a balanced revenue and expenditure and having some surpluses" and never make deficit budgets. Making deficit budgets is a method capitalist countries often adopt. The financial deficits of some Western countries have now reached a surprisingly serious level, much to the detriment of their national economy and the people's livelihood. The deficit budgets made in capitalist countries are bound to lead to inflation and soaring prices. This is a means used by the capitalist class to exploit the laboring people. Under no circumstances should our socialist country act in the same manner. This is because deficits mean expenditures exceeding revenue and are expenses without guaranteed incomes. On the whole, it is unavoidable that we occasionally have deficits in some years, but protractedly making financial deficits will inevitably result in increases in prices and confusion in production and circulation, and will also undermine the planned economy and cause serious consequences.

In addition to the balance of state revenue and expenditure, we must also maintain the overall balance of various funds. At present, we have many sources of funds which include state budgetary funds, bank credit funds, funds not included in the budget, funds owned by the enterprises, and so on, all of which are in large amounts. In order to appropriately organize, comprehensively arrange, and rationally utilize these funds so as to give full play to their role, we must, centered on the state budget, establish an overall state financial plan and bring all the funds into line with this plan. Under the unified plan of the state, the funds must be classified according to their nature and utilized in combination so that each can complement and support the other and so that the limited funds can bring about the best economic results.

IV. Attain Better Economic Results and Increase Revenue

Attaining better economic results is the core of financial and economic management work. All trades and professions should pay attention to this work. If the financial departments pay no attention to economic results, they are neglecting their duties. Furthermore, they will fail to increase revenue. If revenue is not increased, it will condition the growth of financial spending, which will be disadvantageous to both the development of the economy and the balance of revenue and expenditure.

In the development of the national economy, we must not only attach importance to speed, but must also stress results and try to realize simultaneous increase in both speed and results. Viewed from the angle of finance, it means that we must attain simultaneous increase in both revenue and industrial and agricultural production, and strive to make the increase of revenue higher than the increase of industrial and agricultural production. Viewed from the history since the founding of the PRC, this is by no means impossible. During the First 5-Year Plan, industrial and agricultural production increased at an average rate of 10.9 percent and revenue at 11 percent. From 1963 to 1965, industrial and agricultural production increased at an average rate of 9.2 percent and revenue at 14.7 percent. These are all irrefutable facts.

Taxes and profits delivered by the enterprises are the main source of revenue. The attainment of better economic results by the enterprises is the basis of the increase of revenue. We must strive to do well enterprise consolidation, improve operation and management, and upgrade the quality of the enterprises. We must make great efforts to raise labor productivity, reduce production costs, improve the quality of products, increase varieties, manufacture marketable products, strengthen the competitiveness of the products, and swiftly and effectively bring an end to the present state of poor management, high production costs and consumption of raw materials, and inferior product quality which are quite common in many of the enterprises at present. Enterprises should try to attain better results in sales volume, circulation of funds, and investment return. Meanwhile, efforts should also be made to turn deficits into profits and to reduce financial subsidies. The surpluses of many profit-making enterprises have decreased recently and the amount of deficits incurred by all types of

enterprises has reached an extent hard for the state finance to bear. Therefore, we must be determined to put an end to such a passive state of affairs. We must overcome the erroneous ideas of "it is difficult to make profits," "deficits are unavoidable," and looking for the cause objectively instead of tapping latent potentials subjectively, and must adopt forceful measures to tackle these tough problems. Measures should be taken to check the practices of tax evasion which are rather serious at present. Some of the loans which are not strictly controlled and which have to a certain extent affected revenue must be consolidated. We must also take forceful measures to curb the illegal activities of some units, such as indiscriminate issue of bonuses and subsidies, exaction of charges, price hikes, tax evasion, retention of the profits which should be delivered to the state, appropriation of public property, and so on.

V. Pay Attention to Rational Use of Financial Resources and Ensure the Key Construction Projects

If, in finance, we cannot provide ample funds, it will be difficult to accelerate the construction of the state. Furthermore, if those funds are not appropriately utilized, it will also be difficult to speed up the construction of the state. This is a point often neglected by some of our comrades. As a matter of fact, rational use of the mustered funds is a matter related to the overall situation of the national economy. If the funds are rationally utilized, it will promote the coordinated development of the national economy and social undertakings and enable the limited funds to bring about the best results. On the contrary, if the funds are not appropriately utilized, it will upset the proportional relations in economic development and cause economic losses and waste.

We have had profound lessons in this respect in the past. Looking back over the historical course of the 30-odd years since the founding of the PRC, we laid stress on certain factors and neglected others because in some years we were overanxious for quick results, did not run things according to the objective law, and did not appropriately distribute and utilize the funds. For example, we stressed accumulation, but neglected consumption; stressed iron and steel, but neglected energy resources; stressed industry, but neglected communications; stressed production, but neglected circulation; stressed economy but neglected culture and education; stressed new projects, but neglected transformation of old projects; stressed productive enterprises, but neglected nonproductive enterprises, and so on and so forth. As a result, we could not ensure the proportional development of the national economy and the improvement of the people's material and cultural life and could not form a normal cycle, but caused losses and waste. Now, although these problems are basically solved, another tendency may occasionally occur, that is, some departments and units are only good at applying for investment, but are not good at attaining investment returns. If these practices are not checked, there will be no end of trouble for the state.

In order to rationally utilize the funds, it is necessary to practice strict economy and combat waste. First of all, we must appropriately arrange the

national economic plan and the state budget so that they conform to the objective reality and distribution of funds conforms to the objective proportion of social reproduction. We must make careful calculation and strict budgeting and use the limited financial resources to ensure the construction of key projects. It is also necessary to prevent liberal budgeting and spending, repeated calculations, deliberate retention of funds, willful elevation of the standard of spending, and so on. Secondly, we must urge all production, construction, and management units to improve their operation and management and to vigorously increase production and practice economy, and avoid the foolish waste of money and manpower. We must also urge the nonproductive units, government offices, and mass organizations to retrench spending as much as possible and put an end to all practices of going in for ostentation and extravagance, displaying wealth, and being generous at the expense of the state. Thirdly, on the problem of financial management, we must correct the shortcomings of the past which laid stress on revenue and neglected spending and paid attention merely to funds allocation regardless of investment returns. The financial departments should go down to various budget (finance) units to make investigation and study, find out the problems, seek methods for solving the problems, and thoroughly carry out the activities of increasing production and practicing economy.

VI. Strengthen the Legal System and Perfect the Financial System

Whether the financial laws and systems are perfect or not has an important bearing on the pooling and utilization of funds and plays an important role in promoting the development of the national economy.

Since the founding of the PRC, our financial system has undergone numerous reforms along with the constant development of the national economy. Some of the systems which are applicable to both the past and present should be affirmed. However, there are some systems that no longer suit the current economic development and must be reformed. The reform of substituting taxes for the delivery of profits being carried out in state enterprises at present is a measure taken for eliminating the disadvantages of enterprises "sharing food from the same big pot," for strengthening the economic responsibility system, and for correctly solving and stabilizing the relations of distribution between the state and enterprises; this shows that the objective situation is constantly changing and our systems should also be relevantly reformed. Naturally, in the process of the changes, we should also take note of the frequency. It will be disadvantageous to our work if there are frequent changes.

It is necessary to enhance financial legislation work. We have promulgated some financial and taxation laws and regulations in recent years and have achieved good results. However, our financial and taxation laws and regulations are not perfect enough and the promulgated laws and regulations need to be further improved. There are also some basic laws and regulations, such as the budget law, the accounting law, the law concerning capital construction and investment, the depreciation regulations, the main taxation laws, and so on, which must be established as quickly as possible by

conducting investigations, drawing plans, and launching pilot projects, and through legislative procedures. The laws and regulations should be strictly observed once they are promulgated and violation in whatever form must be sternly dealt with.

It is also an important job to strengthen audit and financial supervision. At present, the auditing organs are being set up one after another at various levels and are normally carrying out work. The auditing organs at all levels should strenuously exercise the various auditing supervisory powers granted by the constitution of the state. The financial and taxation departments should strengthen financial supervision and closely coordinate with the work of auditing organs. All localities, departments, and units should subject themselves to the auditing supervisory powers exercised by the auditing organs and to the financial supervisory powers exercised by the financial and taxation departments. All the economic departments and large enterprises and institutions should gradually set up auditing organs, strengthen supervision, and strictly enforce financial discipline.

Along with the all-round development of the building of socialist modernization, the problem of financial management lagging behind the economic development is becoming more and more prominent. Therefore, we must conscientiously sum up the experience of financial management and improve our financial management level. Meanwhile, we must also make a study of the advanced management experience of other countries, discard the defects and select the essentials, and apply them to our work. At present, many countries have strengthened economic and financial information, forecast, and feedback work. They have also used the information provided by the economic and financial consultative organs and the accounting offices to serve their finance and taxation work and have achieved fair results. In light of our national conditions, we must carry out the work in this respect in a planned manner so that we can have quick access to information and can react quickly.

In the new period of socialist construction, there are many new circumstances, problems, and experiences which are emerging one after another. We must not only review the history of our financial work and sum up the experience of the past, but must also be good at analyzing new conditions, studying new problems, and summarizing new experience. We must study hard, courageously make explorations and blaze new trails, and use the spirit of reform to do a good job of financial work in the new period.

If the above-mentioned problems are appropriately solved, it will certainly be conducive, in the financial field, to the fulfillment of the general task put forward by the 12th CPC National Congress for the new historical period. Our objective in the near future is to strive to effect a fundamental turn for the better in the financial and economic situation of the state within 5 years, so that we can achieve remarkable economic results and maintain a basic balance of revenue and expenditure and then realize a total balance and establish our finance on a stable and balanced basis. Provided this objective is realized, we will be able to create favorable conditions, accumulate strength, and give a financial guarantee for invigorating the economy in the 1990's.

A DISCUSSION OF PRODUCT TAX

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[Article by He Zhenyi [0149 2182]]

[Text] In the socialist system, product tax is an important lever used in managing the economy in a planned way. Research into, and utilization of the regulatory role of product tax is a subject which we must pay attention to in implementing the second step of substituting tax for profits.

I

The aim of implementing the substitution of tax for profits in state-run enterprises is to give full rein to the role of tax revenue as an economic lever and promote economic reforms in state-run enterprises. However, there are a large number of different kinds of tax revenue and in order to achieve our ends, the substitution of tax for profits cannot involve the utilization of just any kind of tax revenue. We often say that tax revenue has a very wide regulatory role and that it exerts this influence over production, distribution, exchange, and consumption and this is true in overall terms. However each type of tax revenue has a different kind of regulatory role. The regulatory role that one kind of tax has on a certain thing and the scale and sphere of such regulation is determined by the tax object of each kind of tax or the target on which the tax is levied. The tax object of each kind of tax is different and the target of their regulation is also different, and in addition, since the positions occupied by tax objects within the process of reproduction are different, the sphere of the regulatory role is also different. Hence the substitution of tax for profit can only bring about increased vitality in the tax system by selection of a type of tax which corresponds to the requirements of achieving substitution of tax for profits and a type of tax which has a wide sphere of regulation. Only in this way can the regulatory role of tax revenue be fully exploited.

A comprehensive survey of the kinds of tax that exist shows that within the process of social reproduction, product tax proves to have the widest sphere of regulation, the strongest ability to regulate, and the most varied and diverse forms of regulation. This so-called product tax is a form of tax which takes products as the tax object. It is characterized by the fact that it can be divided up into a tax for various different kinds of products;

that it can levy tax many times over from product production to circulation and consumption--in every link of the cycle; exchange and consumption work units and individuals can all be taxed; it is directly related to the product price and on this basis, it is possible to calculate the amount that the taxpayer should be paying, in other words, the so-called levy calculated on the basis of price. This illustrates that this product tax has a regulatory role on every aspect of social reproduction from production and distribution to exchange and consumption. Thus it may be said to be a form of tax with a wide sphere of regulation and with a very strong form of regulation. The regulatory means in the product tax are also very lively and diverse and in addition to being able to make use of standard forms of taxation to carry out regulation, such as influencing the interests of the taxpayer by means of the level of the taxation rate and taxation, lowered taxation, or tax-free methods, it is also equipped with its own special means of regulating, such as the ability to specify that certain products or certain links in taxation are price-internal taxes or price-external taxes and in this way it achieves regulation. This so-called price-internal tax means that the tax is included within the price and thus the taxpayer may not add the product tax paid onto the price of the goods and thus taxation for price-internal tax is borne by either the producer or the vendor. In this way it is possible to directly exert either a restrictive or stimulative regulatory role on product production and circulation. Price-external tax means that the tax is not included within the price of the product and so when the taxpayer has paid the tax he may add the tax paid onto the price of the product and as a result the ones to bear this tax is either the purchaser or the user of the product. This permits a direct regulatory role on product consumption. Product tax and product value are directly related and thus product tax can resort to regular, negative, or zero tax rates so as to regulate the size of profits of a product. In the case of products with high profits, regular tax rates are fixed so as to reduce the profit income of the producer of that product. In the case of loss-making products, negative tax rates are fixed so as to restore the losses of the producer. In this way the tax system regulates the profits and losses of enterprises.

The above-outlined characteristics of product tax have determined that it can play the following roles in the process of substituting tax for profits:

First, product tax can become an important means of enlivening enterprises and achieving planned control of the national economy. The implementation of a planned economy in China and the expanded production and management powers in state-run enterprises, as well as the enlivening of the economy can only be achieved under state planning control, otherwise blindness may occur. In order to ensure that enterprises are enlivened and that planned control may still be exerted, we must of course not do what we did in the past, carrying out unified purchases and unified control, with everything depending on the direct intervention of administrative commands. Doing things in that way will only stifle enterprise production and management and in addition, the substitution of tax for profits will lose its significance. So how can we ensure that enterprises are enlivened and that we achieve planned control of the national economy? As Comrade Deng Xiaoping said, "We must learn how to use economic methods to manage the economy." The use of economic methods

means making use of the regulatory role of economic levers, and making better use of economic laws. One important aspect of planned control of the activities of enterprises is the need to control the developmental direction of enterprises, the products that they produce, and the amount of products that they produce. This can be done by making use of economic levers which directly regulate and affect production and circulation in enterprises. Product tax is just one such economic lever.

Second, product tax is a vital means of strengthening the financial responsibility of enterprises, stabilizing the distribution relations of the net income between the state and enterprises, and perfecting the system of economic responsibility. Under the financial system of unified purchase and unified control, the net income of state-run enterprises was all handed over to the state financial department and any funds needed by the enterprises were subsequently issued by the financial department. Thus it did not matter at all what measures the state used to stimulate the net income of state-run enterprises. However, after the financial autonomy of enterprises was expanded and the system of economic responsibility was introduced, the net income of enterprises had to be rationally distributed between the state and the enterprise and as a result, the question of what measures the state used to stimulate the net income of the enterprises became an important one. The various and diversified forms of retaining profits now in use, the various profit and loss contract systems, and the various income tax methods being used are all based on the premise of profits for the enterprise. As far as the enterprise is concerned, it only has to pay taxes if it makes any profit, thus if it has no profits, it pays no taxes, the more profits it makes the more it must pay, the less profits it makes, the less it must pay; if no profits are made, then nothing is paid, and if the enterprise is running at a loss, then the state still supplies subsidies which eat into its financial resources. In this way the relations of distribution between the state and the enterprise are not stable. This not only gives rise to instability in financial revenue but also means that there is insufficient compulsion on the part of enterprises to pay the state what they owe for their net income and this is bad for the consolidation of the system of economic responsibility. In order to develop and perfect the system of economic responsibility we must somehow overcome this shortcoming. Overall implementation of substituting tax for profit and the use of product tax as a means of stimulating the net income of enterprises can overcome these problems. Because product tax is a tax levied on products, as long as enterprises are carrying out production and sales, they must pay taxes according to the amounts stipulated and the kind of tax levied, no matter what their production costs are or whether or not they are making profits. This then strengthens the financial responsibility of the enterprises toward the state and increases the enterprise's extensional economic pressure. The relations of distribution between the state and the enterprise are then stabilized and at the same time profits which remain after the enterprise has been taxed are returned and distributed by the enterprise and this then increases the enterprise's intensional economic motivation.

In addition, the state financial department may use product tax to stimulate the net income of enterprises with the result that the amount of product

costs and profits in an enterprise only affect the enterprise's own interests and do not affect the financial revenue of the state. This in turn can strengthen financial discipline and eliminate excessive and crazy costs, forcing the enterprises to constantly improve their management and administration and work hard to reduce production costs.

Third, product tax can coordinate price regulation and eliminate the problems faced by enterprises when prices are irrational. At present, because prices are irrational, consolidation of the system of economic responsibility in enterprises is being hampered, as too is normal exploitation of the results of economic reforms. Many of the problems which occur in our economic reforms are related to the irrationality of prices. For example, in some enterprises no attention is paid to state plans and social demand and thus a lot is done when there are big profits to be made, little is done when there are few profits to be made, and nothing is done when there are no profits to be made. All of this is directly related to the irrationality of prices. Under the economic management system characterized by "eating from the same big pot," enterprises under the system of ownership by the whole people were able to ignore the problem of irrational prices. However, after the implementation of the system of economic responsibility, this problem became very evident. Irrational prices which are either higher or lower than the actual value can all directly affect the economic results of enterprises. Prices which are higher than the actual value can produce additional benefits for an enterprise while prices which are lower than the actual value can produce losses for an enterprise. At the same time irrationality of prices means that some enterprises only have to change their product structure and produce a few more high-priced and marketable products to make more profit. They do not have to spend much effort improving administration and management. In order to solve this problem we must reorganize prices. In view of the temporary difficulty in reorganizing prices, we must use the product tax and thus draw up tax rates and levy taxes on the basis of the specific irrationality of real prices. For example, prices which are higher than the actual value should have a regular tax rate imposed on them, based on the actual difference between the value and the high price. Similarly, negative tax rates should be imposed on products where prices are lower than the actual value and the rate should depend on the amount by which the price is lower than the value. In this way we can eliminate price irrationality and the irrational additional revenue that such irrationality gives enterprises. It should be pointed out that the product tax of which we are talking here is able to regulate differentials in enterprise economic results which have arisen out of price irrationality but this does not mean that product tax can replace price reforms. The actual problem of irrational prices can be solved by reorganizing pricing.

Fourth, the product tax must be elevated to an important position so as to help the implementation of the financial system of divided tax and mutual benefit of financial resources between the center and the regions. One important drawback in the present financial system is the differentiation between income and expenses based on the administrative and jurisdiction relations of an enterprise and the business it is involved in, with the result that there is a disintegration of financial interests between the

center and the regions, between the various regional levels, and between the regions themselves and this only increases the "system of regional ownership" and "regional blockading." At the same time, it also hinders horizontal economic links and is not good for the development of the role of economic centers based on cities, and it also tends to encourage duplicate production and duplicate construction. Nor is it good for reforms to the circulation system or the organization of circulation according to economically rational circulation. One of the important tasks to be achieved in the implementation of substituting tax for profits, is the implementation of the system of dividing tax and mutual benefit of financial resources between the center and the regions and the eradication of the problems of differentiating income and expenses based on the administrative and jurisdiction relations, as found in the present financial system. Mutual benefit of financial resources means that every single source of revenue must become the source of central financial revenue and regional financial revenue while in addition we must ensure that every region which has connections with this financial source does receive financial revenue. Generally speaking the former can be achieved through any form of taxation, but the latter can only be achieved through product tax. Because only by implementing the product tax can a tax be levied on the same product in its place of production and its place of sale, thereby benefiting both the place of production and place of sale and ensuring that the region connected with this source of finance can link up the production and sales of the product with its own financial interests and in this way eliminate the obstacles of economic crosswise links.

II

In the process of substituting tax for profits we must make correct and efficient use of the role of the product tax. In the final analysis, the regulatory role of the product tax depends on the various special tasks objectively bestowed on it, the form of taxation, and the tax rate selected. It is very important to draw up the tax rate and determine the form of taxation according to the special tasks which the substitution of tax for profits bestows on the product tax. For example, one important task which the substitution of tax for profits places on the product tax is the elimination of the profit imbalances between enterprises, brought about by price irrationality. If, in the tax design of the product tax, the tax rate is not determined on the basis of the actual figures involved in the price irrationality, but instead it is drawn up directly on the basis of the size of the product profits, then it will be very difficult to achieve our aims. For it should be remembered that high profits are not all necessarily the result of prices being higher than the actual value and low profits are not always necessarily the result of prices being lower than the actual value. Fixing the tax rate simply according to the size of profits may result in adjustments to one portion of profits which should not be adjusted, ignoring those parts which should be adjusted and this could thus produce new imbalances.

One of the important traits of product tax is the fact that taxation is levied according to the product. If, in the tax design of the product tax

this is forgotten or ignored then the special role of the product tax may be weakened or even eradicated, making it totally useless. On the surface, the present industrial and commercial tax is also a tax levied on products and it seems to be very similar to the product tax but in actual fact it is not the same and it cannot achieve the same aims as the product tax. Because the tax design of the industrial and commercial tax is worked out according to business, department, and type of product and because the tax rate is not determined according to the actual product involved, it is in fact a business tax or departmental tax, it is not a product tax. The nature of a tax is determined by the tax object and thus the nature of the form of taxation changes accordingly. In order to ensure that the product tax lives up to its name and exerts its special role, we must ensure that in the design of the tax system the following two aims are achieved. First, tax items should be enumerated as much as possible according to product so that each product may have its own tax rate. Second, the tax rate must be drawn up according to the tasks of regulation and thus we must not confuse nonproduct tax tasks in the drawing up of the tax rate of product tax. Naturally, this is an objective demand of the nature of the product tax and is necessary so as to enable product tax to fully exert its regulatory role. The only problems that might arise are in the drawing up of the tax system, whereas there are no problems within day-to-day levying of the tax.

III

The product tax must exert its regulatory role but it must also be coordinated with other things. Implementation of product tax takes as a premise planned state management and control of material prices. When prices are able to rise and fall freely, a person who pays product tax may add the tax to his product prices so as to pass the burden of the tax on to the buyer. In a capitalist society prices rise and fall blindly and spontaneously and as a result the capitalist class takes advantage of this and, relying on private power over products, transfers the tax burden onto the working people. In a socialist society there is planned management of prices and this fundamentally wipes out the conditions for passing on the tax burden. However, if we ignore price management then as soon as conditions arise which permit price increases, the problem of shifting the tax burden emerges. Thus, when we make use of the product tax as an economic lever, we must step up price management and prevent some people from using increased prices as a way of shifting the tax burden and thereby harming the interests of the people.

In making use of the role of product tax we must also change the present methods of pricing new products. Currently, this is determined from the product cost plus taxation and profits calculated according to cost profit rates. This method of making the tax part of the price, no matter what size it is, thereby ensuring simultaneous changes in tax and price, means that product tax cannot wield a regulatory control over new products. In theoretical terms the present pricing system is also irrational. Price is the monetary manifestation of value. Value is made up of c , v , and m and in real life c and v are manifested as product costs while m is manifested as taxation and profits. When m is a fixed amount, tax and profits grow

and decline in relation to one another, when taxes are larger, profits are smaller, when taxes are smaller, profits are greater. When prices are fixed, if profits are taken as a fixed amount of the costs and thus added to the price, irregardless of the size of taxation, then there is bound to be a dislocation between price and value and thus prices become irrational. Only by changing this part of the fixing of prices can the role of product tax be given full rein.

In using product tax we must also pay attention to coordinating it with the roles of other economic levers. If we do not pay attention to this, and instead everything is done in its own way, then it is possible that different economic levers will be exerted at the same time in different directions and thus the target of regulation may find itself being regulated by different levers at the same time with the result that their regulatory roles will cancel each other out. In other instances different economic levers may be exerted at the same time in the same direction with the result that there may be over-regulation of the target. For example, if a consumer tax is levied on certain products so as to limit consumption, while at the same time prices are put up so as to limit consumption, then the burden on the consumer will be double and this might produce over-restriction on consumption while at the same time encouraging production, so that it will be impossible to sell the products. Within the economic lever of taxation itself it is important that attention is paid to proper coordination between the various types of tax.

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MATERIALS, SCIENCE, AND THE BUILDING OF THE FOUR MODERNIZATIONS

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[Article by Yan Dongsheng [0917 2639 3932]]

[Text] The Vast Abundance of Materials

"One can't make bricks without straw" is a saying that is heard often. In the construction of the four modernizations, materials are just as important as the straw needed for the bricks in this saying, or the rice, oil, meat, and vegetables needed to make a meal. Materials represent the material foundation for the development of agriculture, industry, national defense, and science and technology, as well as for improvements to people's material and cultural lives. Materials are of vital significance in achieving China's four modernizations. Without materials, there can be no progress for the four modernizations.

Today there are vast numbers of different kinds of materials throughout the world and they have a wide number of uses and applications. They can, depending on their nature, be generally classified into three major types of materials, namely metallic materials, organic macromolecular materials, and inorganic, nonmetallic materials. Iron and steel, copper, aluminum, gold, tin, and so on, are all metallic materials and by mixing together the wide variety of different kinds of metals we can also obtain various alloys. Plastics, man-made rubber, and the various kinds of chemical fibers that are available are all organic macromolecular materials. The third type of materials which are neither metal nor organic macromolecular in structure, are called nonorganic nonmetallic materials. Most people are probably very unfamiliar with this name, but in fact there are many inorganic and non-metallic materials all around us, such as glass, ceramics, cement, diamonds, and so on. Man is also able to take materials from two or more of these different categories and blend them together in industrial ways so as to profit from the advantages of each and produce new materials with even greater capabilities. These are called compound materials. There are many different kinds and varieties of compound materials; one typical example is glass fiber reinforced plastic, a compound of glass fiber and resin.

As one leafs through the history of human civilization one quickly appreciates how mankind's acquisition and utilization of materials has constantly

progressed in line with the development of society's productive forces and science and technology, thus reflecting the stages of mankind's understanding of nature and his ability to change nature. In very ancient times mankind mainly relied on nature's gifts and lived off of natural products, producing whatever materials he deemed necessary. For example, early man used stones to make tools and weapons of defense, and while these things were very crude and simple, they marked an important development in the history of mankind. Later on, the art of making pots was discovered and this solved the problem of how to cook and store food. As the uses of fire and smelting technology developed, mankind came to understand how to smelt metals and so bronze, iron, and various other metal objects appeared as well as some alloy materials, thus greatly speeding up the development of the productive forces. Since the middle of this century the compound chemical industry has developed enormously and mankind has found artificial methods of producing a wide variety of macromolecular materials. In particular, over the last 30 to 40 years a new generation of inorganic and nonmetallic materials have been developed on the basis of traditional ceramic and glass production, such as semiconductor materials, carbon and boron fiber, and metallic and nonmetallic elements chemically combined to produce oxidized and carbonized materials. As the microelectronics industry develops at breakneck speed, semiconductor materials are already being classified as a separate category for very good reasons.

What Is Meant by Materials Science and Materials Engineering?

In the long river of human history, as mankind acquired and made use of the various kinds of materials known to us today, his knowledge of these materials only went as far as the accumulation of experience and technology and superficial observation. For example, mankind was aware of the hardness of a material, its durability, and its ability to let through or filter light. Only over the last several decades have theoretical developments in physics and chemistry, especially solid state physics and solid state chemistry, as well as developments in electronic technology and electronic computer technology, produced many modern methods of precision measuring and analysis, allowing mankind's research of materials to leap to the microscopic world of molecules, atoms, and crystals. The various sophisticated forms of technology which have been developed, such as superhigh temperature technology, vacuum, superhigh pressure, and powerful magnetic field technology, have given mankind the possibility of gaining a deeper understanding of the essential nature of the materials around him, as well as probing and developing new ones.

Over recent years, technology for the preparation of materials has greatly developed and the technology now available for obtaining pure materials has reached startling proportions. We are now able to produce super-pure semiconductor materials with an impurity content of less than two- or three-billionths. We are also now able to manufacture fiber materials far finer in diameter than a single human hair and some membrane materials with a thickness of only several tens of atoms. With the development of space technology, we are now able to make use of the weightlessness and total vacuum of outer space in space laboratories, producing extra pure metal alloys, nonsegregated semiconductors, and man-made crystal materials.

In conclusion, then, with the development of basic research and modern technology for measuring, testing, and analysis, man's understanding of materials has gradually increased from the superficial to the essential, from the macroscopic to the microscopic, and from the perceptual to the rational. Man's knowledge has expanded from understanding the laws ruling one particular material to an understanding of the universal laws applicable to all materials. At the end of the 1950's, a specialized branch of science began to emerge, materials science and materials engineering. This is an applied science and a new science on the very outer edges of scientific knowledge. The backgrounds of those working in research of materials are quite varied; for example, among the scientists and engineers working in this field in the United States, some have degrees in materials science, while far more of them tend to be chemists, physicists, metallurgists, and ceramics experts, as well as a great many engineers from various scientific fields. During the early 1960's, American universities set up several interdisciplinary materials science research centers, and one of their aims was to carry out research into materials science involving the mutual criss-crossing of several different branches of science, and the development of new possibilities for knowledge-intensive and technology-intensive materials. Basic science provided the theoretical foundation for materials science, while at the same time the development of materials science and engineering threw up new topics for basic science. Materials science is constantly providing new materials for the development of new technology, while the demand for new technology also encourages development in materials science. In this sense materials science and engineering may be said to be an applied science.

Materials engineering and materials science are organically linked together. The fact that there is a need to adapt man's scientific knowledge of materials into actual materials which can be utilized in social production and life, and that there is a need for intermediate developmental work and industrialized experimentation, means that several questions within the sphere of engineering come directly into play. The aims of such engineering work is to reach greater economic and social efficiency by achieving large-scale industrialized production, reducing production costs, reducing energy consumption and consumption of raw materials, and stabilizing product performance, and thereby achieve greater and wider application. Because materials science and materials engineering represent an integrated whole, their tasks are to make use of modern scientific knowledge and technological achievements to develop research into the foundation and application of materials, preparing materials in an economically rational way, greatly improving the performance of materials, expanding their uses, lengthening their working life, researching and developing new materials, and gradually working toward a stage in which we may produce new materials with predetermined qualities as we desire, by means of a deeper understanding of the mutual relationship that exists between the structure (including the microstructure) and specific features of materials and their make-up, preparation, and processing. This will spur on the birth and development of the next generation of technology and industry and will make enormous contributions toward satisfying the various needs of society. Herein then lies the enormous potential for and the future direction of development of materials science and engineering.

New Materials and the Four Modernizations

In the process of carrying out the construction of the four modernizations, the key to success lies in the modernization of science and technology, while improvements in standards of science and technology rely in turn on the use of new materials, new technological processes, new equipment, and so on. New materials are perhaps the most important of all these. Materials science represents an important material basis for the development of agriculture, industry, communications and transportation, and the national economy in general, as well as the construction of national defense.

Over the last 20 years or so, industries and related scientific research in such areas as metallurgy, ceramics, macromolecules, natural materials, and so on have made enormous developments, but in addition to these traditional material industries, the development of new materials in China has also been enormous, no longer involving copying but instead involving creative innovation. The manufacture in China of the atomic bomb and the hydrogen bomb, the successful launching of man-made satellites, and the successful launching in the Pacific Ocean of the carrier rocket and the underwater carrier rocket all required a vast amount of new materials. All of these materials were independently researched and manufactured in China. More recently, there has been a great deal of development away from purely military uses to a balance between military and civilian use and a large number of research results related to the development of new materials have been applied to the productive forces, producing such up and coming industries as those involving semiconductor materials, quartz glass and special glass, glass fiber reinforced plastic, magnetic alloys, titanium alloys, high temperature alloys, film recording, organic silicon, engineering plastics, and so on. The products produced in these industries have indirect results which are even more important than the direct economic results they produce in the national economy.

The role which new materials plays in promoting new technology should not be underestimated and in some cases these new materials can even produce enormous changes in entire industries, thus we can say that they are the basis for the "new technological revolution." For example, the emergence of super-pure semiconductor monocrystalline silicon materials was one of the basic reasons behind the amazing speed of development in the electronics industry, while the emergence of large-scale integrated circuits and super large-scale integrated circuits produced the fast development witnessed in the electronic calculator industry, while micro-components are now widely used in every sphere of social production and life. The phenomenon of superconduction was discovered way back in 1911. At extremely low temperatures (-269 degrees C) the electrical resistance of metal is virtually zero, and hence it is possible for them to carry extremely large electric currents. This indicates a theoretically enormous field of application in the future for superconduction technology, although in the past we have lacked the necessary materials and thus have been unable to realize this use. It was only in the 1960's, when a niobium-titanium alloy superconduction material was developed, that superconduction technology began to be put into use. Light or optical communication represents today's most advanced communications technology

and its communication capacity is between 1 to 10,000 times greater than that of axial power cables, and also is able to save large amounts of copper and is not affected by lightening. It is also superior in many other different things. Light or optics communications has only come about because of the production of optic cables from low-wear, super pure quartz glass and the successful development of long-lasting laser illuminants.

The worldwide energy shortage has also affected the supply and demand of materials. Today and in the future we will see development away from the usual materials produced with today's technology toward new materials of many different varieties of high quality and with special attributes and new low energy and low raw materials consumption technology.

There is very close connection and relationship between materials and man's basic necessities in life, such as food, clothing, accommodation, and transportation, as well as medical protection and man's spiritual life. Man-made fibers are now an important material in the production of clothing and there are more than 100 different kinds available at present, such as polyester fiber (commonly known as terylene), and so on. Over the last 40 years, world production of artificial fibers has increased around 5,000 times. Improvements to man's living conditions cannot be achieved without the help of building materials, and in recent years there has been enormous development in the production of new lightweight and strong building materials, such as strong, lightweight concrete, plaster boards, and various plastics. In the world of hygiene and medicine, the production of modern diagnostic equipment, such as ultrasound diagnostic equipment and X-ray equipment, requires many new materials. Furthermore, the production of artificial blood vessels, artificial organs and artificial bones and joints all require new materials. These varieties of new materials have gradually developed into a group referred to as biological materials. The world's first artificial heart to be placed in a patient and to beat continuously for 112 days was manufactured using aluminum and polyurethane plastic.

None of these new materials was produced out of thin air. Rather they are the result of an enormous amount of hard work on the part of materials scientists and engineering technologists who together have probed and conducted research by applying existing knowledge of materials science.

How To Contribute Toward "Quadrupling"

The 12th party congress and the 5th Session of the 5th NPC both announced to the country the strategic target of quadrupling China's industrial and agricultural annual production value before the end of this century. What contributions can materials science make toward "quadrupling"? I would like to put forward a few humble suggestions.

1. Develop new materials for such key industries as energy, electronics, and communications and transportation. We want to quadruple China's industrial and agricultural output before the end of this century, but it will be possible to only double energy output. So, how can we fill in this gap? It is here that materials science can be of enormous use. Materials science

should first and foremost provide new materials of an outstanding quality for the development of the energy industry. Coal will be China's most important energy source for the next few years, and in order to reduce pollution and improve combustion efficiency, we must improve today's backward methods of combustion. New technology, such as gasification, fluidization combustion, and combined water-coal combustion, should be adopted, but to do so requires the manufacture of heat-tolerant, noncorrosive, and non-friction materials. Highly efficient integrated circuit electricity generation requires high temperature alloy and cooling technology for high-powered gas turbines. Even today, the problem of stress-resistant and noncorrosive evaporators for nuclear electricity installations has not been completely solved anywhere in the world and there are also problems related to the materials involved in handling nuclear waste. Second, materials science should develop energy-saving materials, such as high-temperature structured ceramics, for use in heat engines (internal combustion engines, for example), and high efficiency heat preserving, fire-resistant fibers. According to incomplete statistics, there are around 100,000 industrial kilns and boilers in China, and if half of them used better heat insulation and heat retention materials, then considerable savings could be made every year on coal consumption. Furthermore, the use of high efficiency energy storing batteries or cells in electrified wired netting load balance requires the development of solid electrolyte materials. Finally, materials science must develop new kinds of materials for new energy sources, such as solar energy, land heat energy, wind energy, and tidal energy. Hence, there should be development of cheap noncrystalline silicon materials for use in large surface area solar energy cells and highly efficient selective absorption coating materials for use in solar energy heat storage equipment.

In addition to the energy industry, there are a great number of problems connected with new materials awaiting solutions in other areas, such as the electronics industry, and such areas as large-scale integrated circuits, electronic calculators, information technology, biological technology, and of course the basic necessities for life, such as clothing, food, accommodation, and transportation.

2. Integrate the characteristics of China's natural resources and on this basis develop new materials. To develop new types of materials, natural resources are of course absolutely vital. This requires us to gain a full understanding of and make rational use of our natural resources. China is very rich in rare natural resources and we must greatly develop the comprehensive utilization of rare earth elements, such as in metallurgy, magnetic materials, luminous materials, glass, catalysts, and paint materials.

China has considerable deposits of ferrous and nonferrous metals and the latter has now become one of our most outstanding industries. In the future more emphasis should be put on developing these industries. An enormous and arduous task facing materials science and engineers at the moment is that of improving our existing metal materials, such as the variety and quality of iron, steel, aluminum, and copper alloys, as well as the development of new energy-saving technological processes. Since China is rich in the raw materials used in some low alloy steel, such as titanium, vanadium,

molybdenum, and boron, one of our outstanding features should be the development of high tensile, low alloy steel. Thus, if we increase the proportion of low alloy steel, we save on steel materials and improve the utilization life of the materials.

China is rich in coal deposits and over recent years there have been discoveries of rich oil deposits inland, and in the Huanghai and the Nanhai continental shelf. These discoveries have provided us with important material foundations for developing China's petrochemical industry and organic compound materials industry and thus in the future we must improve the development of these compound materials. At the same time, we must stress research aimed at solving problems related to materials used in the off-shore exploration and drilling of oil.

Of course, we are also lacking some natural resources in China. For example, there is a considerable shortage of timber. For this reason, we must speed up the development of plastics, glass fiber reinforced plastic, and other compound materials which can be used as substitutes for wood.

3. Materials new to the orient must be given full attention and developed to the maximum. New forms of inorganic and nonmetallic materials represent a new generation of materials which emerge as modernized technology and materials that science has developed. As soon as they emerge, they demonstrate the enormous power they have in speeding up social production and new technology.

China has totally independently developed specialized kinds of heat-resistant materials in the sphere of new forms of inorganic and nonmetallic materials. This development contributed enormously to the successful launching in China of a long-range carrier rocket. Translucent aluminum oxide ceramics successfully developed with the use of specialized technology does not react with sodium vapor under high temperatures, so the use of these kinds of ceramic tubes in high pressure sodium lamps produces a highly efficient and long-lasting light source. Its illumination efficiency ratio is three times that of normal high pressure mercury lamps and has been heralded as the third generation of new light sources. China has also successfully developed many kinds of nitride and carbide ceramics, which because of their very good, high temperature mechanical properties, their extraordinary antithermal shock properties, their resistance to oxidization, corrosion, and friction, have wide applications in agriculture, and the machine, metallurgy, and electronics industries, and thus have achieved definite economic results. The Shanghai Silicate Research Institute of the China Academy of Sciences has done considerable work with the above-mentioned new materials and real results have been achieved. Over recent years, regularized research into the relationship between the properties of ceramic materials and their make-up and microstructure is now producing new ways to improve the tenacity of ceramics. It is estimated that used in such high temperature engines as diesel engines and steam turbines, it is hoped that with the engines working at heats of between 1,200 and 1,400 degrees C, there will be no need for cooling. In this way, 20-40 percent energy savings will be made. If there are breakthroughs in this research in the latter half of the 1980's,

then new materials will be available for new technologies and new industries in the 1990's.

By means of the coupling effect and energy transfer, the sensitive mechanical, electrical, optical, acoustic, magnetic, and thermal reactions that materials, especially inorganic and nonmetallic materials, have to the outside world can be used widely in the production, storage, transmission, and handling of information. Materials with special properties such as these are called functional materials. The far-infrared radiation coat that China has successfully developed can discharge far-infrared rays after heating and when this far-infrared heating machine is used it does so extremely efficiently and can save around 25 percent in energy. China has also successfully developed inorganic heat control layers, for man-made satellites and other space equipment, thereby fulfilling a need in China's aerospace industry. The various sensors and transducers produced by means of special nonmetallic inorganic compounds and artificial crystals, for example the light sensor, heat sensor, pressure sensor, humidity sensor, and microdisplacement sensor, all of which are extremely sensitive, are now widely used in China in such new technological fields as the space industry, lasers, and infrared work, and they have even begun to be applied in more everyday life. The super-pure quartz photoconductor fibers used in optical information transmission has now been successfully developed and put into small batch production, thereby providing optical cables for China's experiments in optical communications. The development of functional materials has today become an important integral part of modern society's constant development toward modernization, and in the future it must be developed even further.

There are many aspects of special macromolecular materials and metallic materials which should receive specific attention and development.

4. Develop materials science and engineering and promote the development of new materials. On the basis of the demand to quadruple the annual gross production value of the national economy, we must draw up long-term development plans for materials science. We must concentrate on the demands for new materials made by the country's key construction projects and key enterprises and the technological transformations taking place in them. We must break down departmental barriers, assemble an outstanding army, and implement united research and offensives. We must improve the foundation for materials and application research and we must strengthen scientific and technological reserves. We must also import necessary advanced materials technology and equipment and improve the backward nature of equipment in some sections of today's materials industry. We must selectively construct and enrich new materials testing centers and development bases. We must further improve the work of developing and propagating important research results and strive toward achieving greater economic results. In our work of propagating new materials we must arrange suitable development funds and we should in particular consider the use of state loans, price subsidies, and lowered or tax-free policies during the stage prior to stable production of these new materials. Emphasis on intellectual investments and training and improving good cadre groups for materials

science and engineering are important tasks for today and the future. At the same time as a backbone force of high-level and medium-level material scientists is trained, we must also pay attention to training large numbers of technological cadres and workers for production in the materials industry.

Materials science and engineering are still very young but the impetus provided by society's needs, the development of basic sciences, and modernized new technology have meant that they are developing quickly. We may foresee that within the next 10 to 20 years even more and newer materials will be produced for the next generation of new technology, as a result of the hard work of materials scientists, and thus great contributions will have been made toward achieving China's strategic targets for developing the national economy by the end of this century and great contributions will also be made for "the new technological revolution."

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CADRES MUST BE READY TO WORK BOTH AT THE TOP AND AT THE GRASSROOTS

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 16-17

[Article by Zhu Yan]

[Text] "Cadres must be ready to work both at the top and at the grassroots." This remark has been stressed for years inside and outside the party but it is certainly no easy job to put it into practice. With greatest determination and thoroughgoing and painstaking work, in the course of this organizational reform, party organizations at various levels have made important advances in abolishing the personnel system of guaranteeing officials lifelong posts of leadership, which really exists in practice, thus making a breakthrough in promoting and demoting cadres on a large scale. However, more efforts are still required to genuinely systematize the practice of cadres being ready to work both at the top and at the grassroots so that it can become a common practice.

As for cadres who should withdraw from their present leading posts, the situation varies from cadre to cadre. Having reached retiring age, some cadres have to offer their posts to younger outstanding comrades. It is imperative for them to do so and things can therefore be relatively easily arranged. Other cadres must be dismissed from office either because they have violated the law and discipline or because they have committed other grave mistakes. This is a matter of course. Things can be easily handled although there are some obstacles to be removed. The thorny problem in this connection at present is how to deal with those cadres who work sluggishly, muddle along, decline to shoulder their own responsibilities, and attempt nothing and accomplish nothing; or who have neither learning nor skill, look down upon knowledge, do not strive to make progress, and are not well qualified. If you want to transfer such a cadre, he will say: "Since I have not violated the law and discipline, what do you base my removal on?" In the face of this apparently right but actually wrong complaint, some leading cadres, finding themselves helpless in reasoning things out, dare not make any decision even after stalling for a long time. Obviously, this is an abnormal phenomenon. How should this problem be solved? Over the last few years, the Shoudu Iron and Steel Corporation has blazed a good path in the course of conducting reform of enterprises, that is, it is necessary to conscientiously introduce the job responsibility system for cadres, to conduct strict assessment of the proficiency of cadres, to make a distinction

between excellent and inferior cadres, to work out strict and fair rewards and punishments, to promote those who should be promoted, and to demote those who should be demoted.

Does this way of doing things tally with the party's cadre policy? It tallies completely with the party's cadre policy. The party policy in this regard is to appoint people according to their political integrity and ability and to replace the cadres whom practice has proved to be unqualified and incompetent with cadres who are highly capable and can open up new prospects in work and who are selected and appointed in accordance with the principle of stressing both political integrity and professional competence. By implementing the job responsibility system and strictly examining the actual achievements of cadres in carrying out the job responsibility system, we can precisely implement the party's cadre policy in a more scientific and more practical way. Comrade Deng Xiaoping pointed out long ago: As far as our cadres are concerned, "rewards and punishments should be meted out in accordance with the results of their work and efficiency. This principle is also applicable to the promotion and demotion of the persons concerned." ("Selected Works of Deng Xiaoping," p 142) Through assessing the proficiency of cadres, those who are outstanding should be promoted; those who are qualified should remain unchanged at their posts; those who are not well qualified should be helped; and those who are not qualified should be transferred. Is there actually anything abnormal or anything not in line with the party policy in this regard? The argument that thinks one cannot be relieved of his leading post so long as he does not violate the law and discipline and even regards it as an unalterable unwritten law is an out-and-out misunderstanding or misinterpretation of the party's cadre policy. We must clear up this misunderstanding boldly and forcefully.

Can this longstanding malpractice of cadres "can only be promoted but not demoted" be overcome now? Certainly it can. Not long ago, a responsible comrade said: "Now our athletes have truly become people who can be promoted and demoted as well. They are promoted according to their ability and not their seniority. All athletes are equal before the crossbar or the stopwatch. He who has great ability will win championships and become a member of the ranks of state athletes. Our cadre system must draw inspiration from this fact." It is necessary and possible to formulate rules and regulations for measuring how cadres perform their duties at their own posts. The experiences of such units as the Shoudu Iron and Steel Corporation have indicated that only when earnest efforts are made to introduce a scientific job responsibility system under which there are both qualitative and quantitative stipulations, to uphold the notion that all people are equal before the system, to assess the proficiency of cadres strictly according to their achievements in implementing the responsibility system, and to promote or demote and to mete out rewards or punishments to cadres in accordance with the results of assessment, can the longstanding problem of cadres "can only be promoted but not demoted" be solved. The Shoudu Iron and Steel Corporation has adopted such a method. Between 1978 and 1981 the corporation promoted 239 cadres as factory directors or department heads, demoted 403 cadres, and again demoted 26 cadres who had failed to fill a post with credit after being promoted. Of the demoted cadres, aside from those who

retired, became advisers or were transferred to do technical work, 246 became ordinary cadres or workers. In this unit, a new concept that "If you do a good job, go ahead, but if you do a poor one, give up your seats" has taken shape initially and a sound practice of cadres being ready to work both at the top and at the grassroots has begun to prevail.

The assessment of the proficiency of "cadres" has been done since time immemorial. "The Book of History" says: "Three years are required to check officials' work and three assessments of the proficiency of officials will make their promotion and demotion entirely clear." The feudal dynasties of past ages in China formulated many rules and regulations for assessing the proficiency of government officials and stipulated the methods and contents of assessment, but owing to the limitations of their class status and the times, they could not prevent "things from becoming more complicated and officials more redundant with each passing day" and "many officials from holding a leading position" nor eliminate such malpractices as selling official posts and titles, and eventually failed to transform the ever-increasing unwieldy and corrupt feudal bureaucratic apparatuses. Today, on the question of making use of personnel, our party and state absolutely have the capability to reform some rules and regulations which no longer tally with the situation and to eliminate the bureaucratic corrupt phenomena which the previous ruling classes were unable to overcome. Now that such units as the Shoudu Iron and Steel Corporation have blazed an effective path, we believe that more reformers will surely take this path and the system under which there is a strict assessment of the proficiency of cadres, strict and fair rewards and punishments, and promotion and demotion of cadres will be adopted widely throughout the country. All units that have initially set up the job responsibility system must pay particular attention to the link of strict assessment and strict and fair rewards and punishments with an indomitable will and down-to-earth and painstaking work. All units that have implemented the system of assessment must continue to exert themselves and strive to improve it continuously, to attain new achievements, and to achieve more new experiences.

CSO: 4004/71

THERE ARE TWO ERRORS IN THE NOTES ON 'ROBINSON CRUSOE AND MAN "FRIDAY"'

Beijing RED FLAG in Chinese No 7, 1 Apr 84 p 17

["Letter to the Editor" from reader Shen Yi [3088 7328]]

[Text] Comrade Editor:

In the "Explanatory Notes on the Article 'On Humanism and Alienation'" carried in Issue No 4 of RED FLAG this year, and in the note on "Robinson Crusoe and Man 'Friday'", there were two errors which deviated from the original text of "The Strange Life and Surprising Adventures of Robinson Crusoe."

1. The "Notes" said: "At first, Robinson Crusoe hid himself in a cave; later, he managed to build a hut. He saved the life of a native 17 years later...and gave him the name Man 'Friday'". It was written on page 180 of the translated version of "The Strange Life and Surprising Adventures of Robinson Crusoe" that when he met Man "Friday," Robinson said: "This is the first time in the last 25 years that I have heard the voice of a man"; and also on page 204 it says "I had Man 'Friday' with me for the last 3 years." This shows that Robinson saved Man "Friday" in his 25th year on the island and not in the 17th year.

2. The "Notes" said: "Not long after, Robinson Crusoe took in another two natives as his 'subjects.'" As a matter of fact, Robinson only took in one native, the father of Man "Friday," and the other was a Spanish Christian, not a native. This is clearly written on page 208 and the following few pages in "The Strange Life and Surprising Adventures of Robinson Crusoe."

Reader Shen Yi

Editor's note: The points made by Comrade Shen Yi are correct and these will be corrected in the separate edition to be published soon by the RED FLAG Publishing House.

CSO: 4004/71

DO A GOOD JOB IN CARRYING OUT IDEOLOGICAL AND POLITICAL WORK AMONG COLLEGE STUDENTS

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 18-21

[Commentator's article; passages within slantlines published in boldface]

[Text] The heroic feats of the Zhang Huahe combat collective in dealing with the emergency on the Huashan have met with a thrilling response from college students throughout the nation. The appearance of these heroic feats was not accidental. They are the results of enhancing political and ideological work among college students on the part of the CPC committee of the No 4 Army Medical College, with the active participation of cadres and teachers, since the CPC Central Committee proposed to build a high level of socialist spiritual civilization. At present, many party committees of institutes of higher education are working hard to improve and enhance ideological and political work among college students. They have made useful investigations and gained many new experiences. This is a step forward in the reform of institutes of higher education.

/In order to do a good job in ideological and political work among college students, it is necessary to persist in the orientation of being both Red and expert, and work hard to train college students for socialist modernization and to become talented people who have developed morally, intellectually, and physically./

Comrade Deng Xiaoping said: "Our schools are places for training talented people for socialist construction. Is there a quality standard for the training of talented people? Yes. It is precisely what Comrade Mao Zedong said: We must enable everyone who receives education to develop morally, intellectually, and physically and to become a worker with both socialist consciousness and culture." This statement deals with the educational aim, which is the basic task in the work of institutes of higher education. All political and ideological work among college students is performed in the service of fulfilling this educational aim.

The moral, intellectual, and physical aspects are a dialectical unity which promote and restrict each other. The main task for the students is to study, and their chief efforts and most of their time should be spent on studying cultural and scientific knowledge, and mastering the skills for building the

four modernizations, and it will not do to neglect intellectual education. Physical well-being is the basis for assuring the students carry on normal studies; so health comes first. Physical education will strengthen the physical quality of the students, helping them to develop an unbending will-power, and it will not do to neglect physical culture. Ideology is the soul, so socialist college students must possess a firm and correct political orientation and communist ideology and morality, and pursue a correct aim in their studies, and it will not do to neglect moral education. After their graduation, college students will be the backbone forces in various fields of socialist construction, and they will have a direct bearing on the speed and future of the modernization of our country. Only when we fully understand and correctly implement the party's educational principle, and attach importance to all three aspects of moral, intellectual, and physical education, will we be able to bring up eligible socialist college students. The negligence of any of the three aspects will cause grave losses in our work, and adversely affect the four modernizations.

Over a long period of time, we have not solved, either in understanding or practice, the basic question that institutes of higher education should bring up talented people to be both Red and expert, who are developing morally, intellectually, and physically in an all-round way. For some time in the past, intellectual education was neglected, and even cases of studying assiduously were censured as "taking the road of becoming bourgeois specialists." This historical lesson must be taken and remembered. At present, the central task of the whole party and the people of the whole country is to realize the four modernizations. Under the condition of welcoming the upsurge of a new technological revolution, institutes of higher education should all the more attach importance to intellectual education, take a good grasp of teaching and scientific research, and strive to improve them so that the students may master more advanced scientific and technological knowledge. This is entirely correct, and at the same time necessary. However, the central task of our socialist institutes of higher education is to bring up talented people for socialist construction. Whether it is an institute specialized in liberal arts and the science of law or natural sciences or engineering, they should always bear in mind Comrade Deng Xiaoping's instruction: "We should always put the firm and correct political orientation in the first place." In other words, it is imperative to put moral education in the first place in all-round moral, intellectual, and physical development, and to put in the first place education in the four basic principles among college students. Only then will the political eligibility of college students be ensured. For a college student, to acquire knowledge is to possess only one of the conditions for serving the motherland and the people. Whether he is able to devote his knowledge to the motherland and the people, and whether his contribution is great or small depend on his political consciousness, ideology, and moral character, on whether he is willing to plunge himself deep into reality, persist in taking the road of combining theory with practice, and on whether he has the spirit of devotion and going all out in his study and work, and the courage and will-power to overcome difficulties. These are the political qualities of a college student. It was the lofty ideas and moral character of many outstanding scientists in history that enabled them to acquire the spirit of

devoting themselves to the cause of science, regardless of hardships and difficulties on the rugged and narrow path leading to the heights of science and technology. In his eulogy for Madame Curie, Einstein said these most inspiring words: "When a noble person like Madame Curie passes away, we should not rest satisfied with remembering the contributions and achievements of her work for mankind. The impact of a first-rate person on the times and historical progress is perhaps greater in her moral character than in her intellectual achievements."

In our cause of socialist modernization, we will meet with not only all kinds of natural difficulties and hardships, but there will also be setbacks, failures, and zigzags in production, construction, and scientific experiments, and we will encounter the interferences and injuries of various old ideas, old traditions, and habits. With the ever-growing economic and cultural ties between our country and capitalist countries with each passing day, the channels of contact of college students with foreign cultures will continue to grow in number. Bourgeois ideas and lifestyles will affect some people. Under such circumstances, the political and ideological educational work among college students must not be weakened, but strengthened. History has repeatedly told us, the weakening of socialist ideology means the reinforcement of bourgeois ideas; and ultra-individualism, anarchism, and other decadent bourgeois ideas will squeeze in, corrupting people's soul. Therefore, it is imperative that we carry on education among college students in patriotism, collectivism, socialism, and communism, guiding them to study all useful science and technological information for the four modernizations of the motherland, while being able to maintain their direction and to differentiate between what is right and wrong at a time when bourgeois ideological trends are making attacks on us. Some comrades advocate a "coexistence of different ideas" regarding political problems. This will not be helpful. The principle of "letting a hundred schools of thought contend" is applied to academic questions, and the advocacy of unfolding free discussion between different academic schools aims at developing the truth and making science prosper. Nevertheless, we must be unanimous on the questions of political principle, such as supporting the leadership of the CPC, persisting in Marxism-Leninism-Mao Zedong Thought, taking the socialist road, and serving the people, which are our common ideological and political basis, and the necessary conditions to be acquired by our socialist college students.

/In order to do a good job in ideological and political work among college students, it is imperative to have a profound understanding of their ideological condition, to persist in the principle of combining theory with practice, and to guide them to differentiate what is right or wrong in seeking truth through independent thinking./

Scientific theories should be instilled in the minds of students, and there is no exception to Marxist theories. The question today is how to instill them, whether we should adopt the cramming method of teaching, or the method of enlightenment or inducement. Should we read sentence by sentence from the textbook, forcing ideas upon others, or have a definite objective in view, guiding the students to master the basic principle of Marxism,

learning skills to apply the Marxist standpoint, views, and methodology in observing things around them independently, so as to differentiate what is right or wrong, and to solve their practical problems? We support the enlightenment or inducement method in ideological and political work. Whether it is education in the current situation or tasks, education in communist ideology and moral character, education in Marxist theory, or the day-to-day political and ideological work of party and CYL organizations, this correct method should be adopted. It is necessary to base ourselves on deepening our understanding of the ideological characteristics of college students of the new times, probing for the law that governs the healthy growth of youths, while creating new methods suitable to the characteristics of young people. It is necessary to be courageous to set up positive examples, and be good at grasping negative ones (including those in society and within one's own unit), so as to closely link ideological and political work with realities, and combining ideology with knowledge, to make our work attractive, convincing, and full of combat power, and to avoid turning lively education in Marxism into pale, weak, and empty preaching. Regarding lectures on political theory at colleges, it is necessary to persist in making them systematic and scientific. However, the lecturers should not rest satisfied with taking notes in class and students should not memorize their notes for examination. We must attach importance to practice and actual effects. In giving systematic lectures on Marxist theory, it is necessary to solve the problems of the students in their ideological understanding by relating them to reality. The lecturers should make friends with the students, hold heart-to-heart talks with them, encourage them to say what is on their minds, engage in free discussions, and guide them to differentiate between what is right or wrong through comparison. They should train the students to acquire a scientific attitude of seeking truth, helping them to acquire the ability to apply what they have learned in analyzing and solving practical problems. In discussions, they should patiently give guidance to the students, enlightening them to conscientiously deepen their understanding, even if some of the students have expressed some erroneous views, and they should not look for superficial unanimity in haste. In this way, lectures on political theory will be genuinely welcomed by the students, and the truth of Marxism will take root in their minds.

In understanding truth, apart from systematically studying scientific theory, people will have to go through their own personal experiences. Life itself is a true teacher. In practice, there must be a correct ideological guidance, so that a scientific conclusion conforming to realities will be reached. Otherwise, it is quite possible for people to take the parts as the whole, and facial expressions as something essential, arriving at an erroneous conclusion like the story of the blind men and the elephant. Regarding college students, we should encourage them to guide themselves with Marxism-Leninism-Mao Zedong Thought, and to take an active part in social practice, enabling them to receive education from practice. At present, apart from organizing them to take an active part in the "learning from Lei Feng, creating three goods" and "five stresses, four beauties, and three loves" activities, we should also attach importance to organizing them to go deep into factories and the rural areas to make social investigation, combining this with their professional studies, production field work, and

graduation design, providing them with chances to take part in productive labor, technological innovation, scientific research, and so on. This will help them to have personal experiences in understanding the tremendous changes in politics and the economy of our country, and the material and cultural life of the people since the 3d Plenary Session of the 11th CPC Central Committee, and help them to have a better grasp of the correctness of the party's principles and policies and the bright prospects for socialism, and thoroughly cure them of their heartbreak caused by the perverse acts of the Lin Biao and Jiang Qing counterrevolutionary cliques. In making contacts with the masses, college students will be inspired by the enthusiasm of the people in building socialist modernizations, which will in turn stimulate the initiatives of the students in studying arduously for the four modernizations, consolidating their revolutionary ambitions. Many institutes of higher education have done this and the effects have been proved good.

/In order to do a good job in ideological and political work among college students, it is imperative for all cadres and teachers in colleges to show concern for the ideological and political progress of the students. Teachers should work hard to give the students moral as well as intellectual education, and bring along a good socialist school atmosphere./

At the national conference for educational work in 1978, Comrade Deng Xiaoping required that all comrades engaged in educational work should show concern for the ideological and political progress of teenagers, and reaffirmed Comrade Mao Zedong's statement: All departments should take up responsibility for ideological and political work. The CPC should take up the matter, CYL organizations, and responsible governmental departments should do so, and the principals and teachers of schools should all the more do so. Some comrades are not clear enough on this point, regarding ideological and political work as a matter which concerns the CPC and CYL committees only, while the teachers should only take care of teaching. This is not correct. True, the school CPC committee should be in charge of ideological and political work, and the CYL committee should assist the CPC committee in doing a good job in the work. However, this does not mean that the work is to be carried out by a few cadres of the CPC and CYL committees. When we say that party committees should take up the matter, it means that the party committee should unify the thinking of the workers and staff of the whole school on the basis of the party's educational principle, and organize all the CPC and CYL members and teachers and staff on various posts to jointly take up the glorious task of bringing up talented people to develop morally, intellectually, and physically. It is necessary to mobilize and organize all cadres of political work, and lecturers of political theory and other subjects to conscientiously do ideological and political work among the students. The initial concern of the teachers for the students in their political and ideological progress will have great and far-reaching influences on improving and strengthening the ideological and political work among students. Comrade Deng Xiaoping has pointed out: Concerning whether a school is capable of bringing up eligible, talented people for socialist construction, "the key lies in the teachers."

Teachers are always educating their students morally while giving them book knowledge, but the difference is in whether or not they are conscientious about it. While spreading moral ideas, teaching skills, and solving problems, a teacher does not limit himself or herself to giving students book knowledge, but educates them on how to become real people. An ancient Chinese saying goes: "Students will follow their teacher's example." Of course, there are essential differences between the concept of being a real person in old society and doing so today. In our socialist institutes of higher education, the overwhelming majority of teachers today have a comparatively high political awareness because of the long-term education by the party. It is necessary and possible for them to merge intellectual and moral education into one; while sowing the seed of knowledge guiding the students to knock at the door of science, and acting as guides in the academic field, they should also sow the seed of communism and guide the students in cultivating a good soul, acting as guides in politics. Teachers should play a leading role in both these aspects. It is often said that teachers should be an example for their students, that they are architects of the human soul, that they should become good teachers and helpful friends to the students, and so on; in other words, teachers should be examples to the students whether they are teaching or in their own moral character. Therefore, we say giving the students both an intellectual and a moral education is the sacred duty of teachers in the socialist era, and the core of their professional ethics. Regarding the students, they always look upon their teachers with admiration and respect; in particular, those teachers who are more erudite, have made higher attainments, and are of noble character and high prestige will exert greater influence on the students. In recent years, many teachers have witnessed the wounds in the hearts of college students caused by the 10 years of internal disorder, which has caused great injuries to the spreading of communist ideology. They came out boldly, taking up the burden of the intellectual and moral education. This is very gratifying and has won people's respect.

On the part of teachers doing ideological and political work among the students, apart from continuing education in communist ideal, the revolutionary cause, and patriotism linked with their own personal experiences, they are mainly required to cherish their students, and show concern for their healthy growth just as they do their own children and family. They should apply ideological and political education to their teaching, setting strict requirements for themselves in every part of their teaching, while also setting strict requirements on their students. This will exert an imperceptible influence on the students' character. For example, teachers should be earnest in giving lectures, be meticulous in every point, constantly improve them, and attach attention to linking their lectures with education in patriotism and dialectical materialism. This is an exemplary role. For another example, in assigning homework, teachers should require the students to pay attention to punctuation and handwriting, and there should be no mistakes; in solving every math problem, and writing every report on experiments, they should require the students to make logical analysis and provide accurate figures, and carelessness will not be permitted; and by no means should students resort to deception in examinations, and so on. This involves not only checking up the true achievements in the

students' studies, but training them to acquire the correct aim in and attitude toward their studies, helping them cultivate a rigorous study style and acquire a scientific study method. At the same time, this will train the students to acquire a correct work objective in the future, and a conscientious scientific work style. Therefore, it is related to the achievements they are going to make in their scientific research and practical work, and to the future contributions they are going to make to the motherland. If the masses of teachers will play an exemplary role in every aspect through their words and actions, and persist in doing so for a long period of time, it will certainly bring along a good study style and a fine school atmosphere. Study style and school atmosphere are not physical things; however, their power in affecting the students is tremendous. In 1977, Comrade Deng Xiaoping required all schools to "cultivate a good study style," emphasizing that "teachers have the responsibility to create a good atmosphere." Reality has also proved that in those schools where a comparatively greater number of excellent talented people have been brought up, there exists a good school atmosphere of working hard to make progress in politics, of being diligent and arduous in study, active in academic thoughts, a warm atmosphere for democratic discussion, rich and colorful in extracurricular activities, and with peace of mind for everyone. And all the teachers, students, workers, and staff of the school care for and hold the honor of their own school in high esteem, while the whole school is like one big furnace of revolution. Starting from the very first day when new students enter the school, they will be nurtured and tempered in this furnace, advancing on the road of becoming Red and expert.

CSO: 4004/71

ON THE QUESTION OF MAKING LITERATURE AND ART REVOLUTIONARY, NATIONAL, AND
POPULAR

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 22-23

[Letter by He Jingzhi [6520 2417 0037]]

[Text] Editor's note: This is a letter written by Comrade He Jingzhi in reply to one from the author and painter of the propaganda drawing "Fine Offspring and Good Birth," Comrade Gong Dingping [7895 1353 1627] of the people's art gallery of Shijiazhuang, Hebei Province. The letter touched on an exceedingly important question concerning current creations of art and literature. The drawing "Fine Offspring and Good Birth" was awarded a first grade prize at the National Exhibition of Propaganda Drawings, offered by the Chinese Federation of Artists and the Chinese Federation of Publishers. This propaganda drawing uses the figure of a clay baby, A Fu, as the principal portrait. A Fu has a chubby face, hair perfectly arranged in the "liu hai" style, looks lively and innocent--a perfect artistic model of a fine child in the Chinese countryside. Surrounding the baby are drawings of objects of art in resplendent colors, depicting images of good luck and good fortune such as a dragon and a phoenix, the magpie, a pair of mandarin ducks, flying kites, and images of Sun Wukong and the fairies showing flowers, all of which are meant to add shading to the main object and to make it stand out. This drawing has elicited an enthusiastic response from many comrades and brought about warm discussions on the question of making our country's socialist literature and art revolutionary, national, and popular.

Dear Comrade Gong Dingping:

I have received your letter and the article "A Good Propaganda Drawing" written by Comrade Geng Fengge [5105 7364 7041]. I am sorry that because of sundry affairs I have been tardy in making a reply.

I truly like your painting "Fine Offspring and Good Birth." Naturally, I also like the other prize-winning drawings. On the day I visited the exhibition, I did say the words quoted in Geng's article about your production.

I and many other comrades have shared the same viewpoint: We should pay great attention, and devote the utmost efforts, to promoting productions which depict lives of real struggle in the socialist era, which denote the big steps taken by the 1 billion people in the direction of the four modernizations, and which bestow confidence and strength on our people. Naturally, this does not mean that we must discard diversification, far less, as some people might like to say, does it mean the abandonment of the policy of letting a hundred flowers bloom and a hundred schools of thought contend. The latter policy is necessary, but at the same time it is necessary to emphasize a cardinal point, that is, carrying out from beginning to end certain things that should be advocated for a certain period. This manifests the essential demand of the special features of the nature of socialist literature and art and represents an objective reflection of the law of their development.

It is still necessary for socialist literature and art of the new era to firmly insist on its own clearly marked revolutionary, national, and popular character. Naturally, this insistence is indivisible from development and is also in unanimity with the characteristics of the era. In the 1950's, Premier Zhou sounded the slogan call of making music and dancing revolutionary, national, and popular. I have all along believed that this should likewise apply to other departments of literature and art. It may be said for certain that both in the past and at present, it should be an important guiding principle for our socialist literature and art.

Innumerable facts have proven: In consciously taking the line of serving the people and serving socialism, literature workers and artists by means of the truth and beauty of the creations of literature and art, directly or indirectly propagate the ideology and practice of socialism and communism (some even going to the extent of directly propagating current tasks such as propaganda drawings); they are in reality not molesting or downgrading the Goddess Miao Si [4924 2448] but are rather affirming and elevating the character and value of literature and art itself. This should not only be an idea imbued in socialist literature and art but also the lawful succession and development of the tradition of all progressive literature and art in China and in foreign countries. Naturally, this definitely does not mean that all productions in whatever form should have identical contents and carry identical propaganda purposes. It is not secretly consenting to the resumption of past erroneous practices such as the graphic policy, mechanized combination, formulism and dealing in generalities. Nor is it just taking a "roundabout turn" and returning to the old road of doctrinairism or of sociology of a vulgar kind. All along, the demand of Marxist aesthetics and Mao Zedong's ideology of literature and art can only be the unanimity of social purpose and method of literature and art, unanimity of thought and appearance, and unanimity of content and form; in short, unanimity of politics and literature and art.

As early as in the 1930's, Comrade Mao Zedong had already raised the question of Chinese "air" or manner and Chinese work style. Subsequently, when discussing the direction of the "4th May" new cultural movement, he advocated the three special features of being national, scientific, and popular. In his "Talks at the Group Discussion Meetings on Literature and Art in Yanan," he further amplified the questions of being national and popular. In the 1980's, Comrade Deng Xiaoping advocated the establishment of socialism with special Chinese characteristics. In a talk to literature and art workers, Comrade Hu Yaobang affirmed anew Stalin's celebrated formula of "socialist in content and national in form." Over the past half century, experiences gained in actual practices in revolutionary literature and art and socialist literature and art have fully verified the correctness of the aforementioned views and opinions. And so has this been affirmed in recent years by the disputes on "taking the Western modernists' road" from the opposing side. Here, let us make another point: As we see it now, the demand advocated by Comrade Mao Zedong that we must cater to what the Chinese populace "like to hear and are glad to see" is likewise entirely correct. We should treat it as an exceedingly important Marxist principle in aesthetics and carry it out thoroughly today. Naturally, there is no denying that in the socialist new era the Chinese people have already enjoyed unprecedented improvement in spirit, ideology, and culture. And "liking to hear and glad to see" is not "liking to hear and frequently seen." The difference between the two was made quite clear sometime ago.

Naturally, realization of the demand of being national and popular does not signify the mere ability of producing "common or ordinary literature and art," also known as "literature and art of the common and ordinary type." But there is no doubt that development of literature and art of the ordinary and common type constitutes an exceedingly important link. Unfortunately in recent years this has not been accorded sufficiently important attention. Hence, this should be rectified. Talking today about the anecdote of Lu Xun's high regard for "comic story-books" is of great educational value to me. He said that among the authors of comic books, there might be found another Michelangelo. I believe implicitly in what he said. And we may infer therefrom and say that from among the artists doing propaganda drawings or paintings there may arise a Da Vinci or Gu Kaizhi [7357 1956 0037] just the same as in regard to common drama stories there may arise a Shi Naian [2457 5082 1658] and a Zhao Shuli [6392 2885 3810].

Seeing your production and reading your letter have engendered in me an uncontrollable desire to write the foregoing words which have no direct relationship to the production itself. As an outsider, I only crave to learn and not to show my poor stuff. If there is anything wrong in what I have written above, do please criticize and correct it!

Wishing you success in your work and even bigger and better accomplishments on the way.

Salutations!

He Jingzhi
Beijing, 15 February 1984

CSO: 4004/71

LET THE AUDIENCE SEE THE TEMPO OF PROGRESS OF THE TIMES--AFTER WATCHING
MODERN DRAMA 'SYMPHONY OF COOKING PANS, BOWLS, LADLES, AND BASINS'

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 24-26

[Article by Zhong Yibing [6945 5669 0365]]

[Text] On learning that the Henan provincial drama troupe had been performing for a full house every day in Beijing the modern drama "Symphony of Cooking Pans, Bowls, Ladles, and Basins" composed by Lin Zhengxin [2651 2582 0207] (based on a short story of the same title by Jiang Zilong [5592 1311 7893]), I was a little surprised and could not quite believe my ears. This is because at present the attendance rate at performances of modern drama has generally been very low and each year we have seen very few performances which are well-liked by the viewers such as those of the Liaoning people's art troupe (featuring the "Flower Cup Below the High Mountains"). Moreover, it is by no means an easy job to convert Jiang's short story into a drama script. Not long ago, we saw the cinema production of Jiang's short story bearing the same name and found that it was not at all liked by the audience. This being the case, how can it be true that the modern drama "Symphony of Cooking Pans, Bowls, Ladles, and Basins" had such drawing power for Beijing audiences?

Deep in this thought, I arrived at the theater. The theater was poorly located, at a spot very inconvenient to theatergoers insofar as transportation is concerned. Past experiences have shown that performances staged there could hardly expect a full house. Yet this drama seemed to have been an exception. It had indeed attracted a large number of enthusiastic theatergoers. Throughout the play, loud bursts of laughter came from the audience, applause was plentiful, and the attention of the whole audience was attracted by the happenings on the stage. It is indeed rare that drama performances receive such a good response!

However, speaking on the level, this drama is still rather crude insofar as directing and performance as well as onstage lighting, sets, and scene display is concerned. The proficiency of the actors is also not on an even keel. But the fact is it attracted large audiences! I have thus repeatedly pondered over the question of why the performances of the Henan drama troupe had so much more drawing power than performances of many other drama troupes which had enjoyed much superior material conditions and much richer

experiences in dramatic art. I sense that this is because the drama itself has let the audience see the tempo of progress of the times. This feature is precisely what many drama troupes and plays were devoid of.

In reality, the modern drama "Symphony of Cooking Pans, Bowls, Ladles, and Basins" has made a good rendition of the theme of the original short story. It endeavors, on the basis of eulogizing the trend of the times and the fervent wishes of the people, to create the hero of the story--a young reformer. The play narrates the story of Niu Hong, the new manager, aged 26, of the Chungheng Restaurant beginning from his assumption of office, boldly reforming the management and control system, enabling the restaurant to take a new road and turning it from a state of deficit to profit-making, to his reforms being blocked and himself being dismissed from office, and eventually to his achieving final victory after having gone through intense struggles. The stages of rejoice and suffering in-between can well be imagined. Although the story is about the happenings inside an eating place, to a definite degree it is a miniature portrait of our country's economy gradually proceeding from hard times to success since the 3d Plenary Session of the 11th CPC Central Committee.

The story pictures the former manager, Hu Kong, as a conservative and bureaucratic person, imbued with a scorn for the rising younger generation. Waitress Sun Lianxiang is deft in making fabrications, skillful in stirring up trouble, flatters and curries favor with the leadership, and downgrades the advanced. All this bears the ugly stamp of "leftist" elements and reflects the hardships currently confronting those engaging in reform work in real life (the description in the story is still not penetrating enough though). Fortunately, fully supported by the secretary of the company's CPC committee, by the workers in the restaurant, the waiters, patrons, and his sister Niu Hua, Niu Hong eventually emerges victorious. This clearly demonstrates that restructuring is cherished by the populace and is irreversible. It shows that the drama enters deep into the hearts of the people, making them feel that there is great hope for their own country to become powerful and strong and their own people to prosper.

The strong ideological inclination of any successful drama production mostly impresses and influences the public through the effects of its moving presentations of art. Oftentimes, if you loudly and hysterically shout before an audience the theme of your speech, endeavoring to directly drive home what you have in mind, you may get the opposite results. The success of the drama "Symphony of Cooking Pans, Bowls, Ladles, and Basins" is not entirely due to its inclination in thought. Indeed without the portrayal of the lively individualities of such characters in the drama as Niu Hong, Qiu Erbao, Hu Kong, Sun Lianxiang, Shi Xinju, and Zhao Yongli, and without the presentation of the truly amusing plot, atmosphere, scenes, and incidents caused by the conflicts in character of these persons, there is no way of forming the thought inclination of the drama. For example, take the incident of Qiu Erbao making a gift of the restaurant's deep-fried twisted dough-sticks to his friend and being punished with his bonus being reduced at the end of the month. This "idiot" was so enraged that he threatened to hit somebody. But Niu Hong was not at all yielding and

forthwith announced before everybody the suspending of Qiu from his job for self-examination. Shouted Qiu: "Suspending me from my job!.... See if I do not dare to tear down your house first." Niu's response was swift--he scribbled a few words in his notebook and handed the paper to Qiu. Surprised, Qiu asked: "What could this be?" "My home address--West 1st Street, No 68, House No 5. I am always at your service!" Qiu was utterly astounded, mumbling: "Your?!..." This evoked a burst of laughter from the packed audience. This scene made a vivid portrayal of the characteristic traits of these two personages and both actors did their part true to life. Niu Hong's determination, grit, and sagacity and Qiu Erbao's outward stubbornness though inwardly feeling guilty--the conflict and comparison of these two characteristic traits were thus portrayed most incisively and vividly. Again, take the case of the dispute between Niu Hong and Hu Kong regarding the question of a "representative to a meeting." It was also rather refreshing. The company had been incessantly calling meetings at which Hu Kong made never-ending and depressing reports. To Niu Hong, who was feeling that time was short for the reforms, this was a painful burden. As a result, he sent several staff members to take turns representing him as "representative" to the meeting. When this was discovered by Hu Kong, he angrily called Niu Hong on the phone and criticized him. Over the phone, Niu Hong related his painful feelings, saying that "sending a representative to the meeting" should be a "good method." This greatly angered Hu Kong. He said: "The company ordered you to the meeting and did not ask you to send along several scapegoats!" Swiftly but in a modest voice Niu replied: "Scapegoat! Do you imagine that going to a meeting is just as intolerable as going to death?" This is indeed very sagacious. To the bureaucrats, this was indeed a taunting comment which is sagacious and forceful. It drove home to the audience Niu Hong's characteristic trait. Only this "bull-like deep thinker" can utter such words.

Some people have commented that this production did not touch on any problems of reform, and that at least it did not give enough weight to such problems in the same way as other productions specially devoted to reforms. In my opinion, we can hardly demand of a comedy in this way. The criterion of a comedy is whether or not it can make the audience engage in deep thinking following a burst of laughter. If this objective is achieved, then the number of problems a production touches upon is of little moment. Moreover, the "Symphony of Cooking Pans, Bowls, Ladles, and Basins" does touch on various aspects of reform: In order to change the looks of the Chuncheng Restaurant, Niu Hong enforced in succession a series of measures such as strictness in reward and punishment, banishing the practice of "everybody eating from the same big pot," cultivating man's ideological work, improving service attitude, improving the quality of the dishes, beautifying the restaurant's environment, encouraging investment in intellect, carrying out technical assessment, and so on. It is not at all possible that all these measures can be fully and right away inserted into a single script. It is only possible, through illumination of one or two sidelights, to depict conflicts in the course of the story and to display the spiritual realm of the main character of the drama. The most outstanding impression this modern drama gives is the sidelight illuminating the struggle against the forces impeding reforms. Figuratively it exhibits Niu Hong's boldness and sagacity

in the course of the reform. It instills in the minds of the audience a fervent wish and search for creating anew life. Speaking from this context, Niu Hong's ideological level is a lofty one, well worth our learning from. According to him: "As a young man, how can one be without ambition and ideology? Man should live a life of wisdom." If this is the point he starts with, then after passing through the restructuring and anti-restructuring struggles, his and his colleagues' vision has become much broader than before. Just as Shi Xinju commented: "You (meaning Niu Hong) are the only manager in the whole company who is less than 30 years old. This is in the nature of experimenting with young people. If you turn in a good performance you will be leading others and from now on more new young managers will be appointed or promoted. If you fail, then a large number of young people will be affected and we shall have no way to answer such taunts that 'young people are unreliable,' or that they should not be put in important positions." In other words, this does not concern the ambition and ideology of a single individual. Rather, it is related to the responsibilities of a full generation of people as well as the future of the whole country.

Naturally, just as Niu Hong called himself an "ordinary and common mortal," we do not arbitrarily ask that this youngster of 26 will all at once be converted into a perfect and faultless hero. Niu Hong's certain defects precisely coexist with his good points. If only those of us in the audience can discern which are his good points and which are his weak points and understand what the script tries hard to eulogize, then it would indeed be sufficient.

Another shortcoming of this drama, aside from its crudeness, may perhaps be mentioned as its ending. It transpires that subsequently both Hu Kong and Sun Lianxiang turn about face, abruptly convert themselves, and regain their understanding. Such a happy ending, and in an utter state of triumph, is hardly realistic. I also felt that it was not quite reasonable for Zhong Jingshen, secretary of the company's CPC committee, to appear as master of ceremonies and explain the drama to the audience. When Niu Hong first appeared on the scene, Zhong introduced him thus: "...Look at this guy, lousy in appearance, head drooping, and down on his luck!" This certainly was out of place. On the narration of love, this drama appears to have suffered less from the censor's scissors compared with the cinema rendition of the original story. Love did not seem to have diluted the zeal for reform, although it seemed to have no part in the reform. Regrettably, this defect was found in the original script of the short story although it did not harm the main success of the production as a whole.

We are thankful to the Henan drama troupe for the presentation of such a good show. This drama not only has educated us but also made us believe that modern drama has not lost its audience and supporters. The key problem is whether or not our modern drama can display the fighting tradition which has characterized the art of modern drama over several decades and let the audience perceive the tempo of progress of the times.

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HOW TO CORRECTLY ASSESS THE WESTERNIZATION MOVEMENT

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[Article by Huang Yifeng [7806 6654 1496] and Jiang Duo [1203 6995]]

[Text] The Westernization movement organized by the Westernist faction of the Qing Dynasty government began during the 1860's and lasted until the end of the Sino-Japanese war in 1895; altogether it lasted for some 30 years. This period was an important stage in Chinese history during which the country was gradually changing from a feudal society to a semicolonial and semifeudal society. An assessment of the Westernization movement is very closely linked to several fundamental questions in recent Chinese history. Here we would like to discuss a few of our own humble opinions on the subject.

During the 30 or so years of the Westernization movement, there were major changes going on in Chinese society. This was the period which saw China change from a feudal society into a capitalist society. This change took place as China witnessed a massive, aggressive invasion by foreign capitalists, and the defeat of the revolution of the Taiping Heavenly Kingdom. In addition, feudal trends were still very ingrained in the society, while capitalism was still very much in its embryonic stage. What part did the Westernist faction play, what role did it have in the process of this change? We must first look at how the Westernization movement, which Chinese society launched, actually handled the fundamental problems facing China at that time. In view of the above-outlined situation, China had to solve three fundamental problems. One was to overcome and resist foreign invasion and maintain the independence and sovereignty of the nation. Second, China had to change the corrupt feudal system, and third it was necessary to encourage the development of capitalist freedom. The Westernization movement did not solve any of these three fundamental questions.

As far as resisting foreign invasion and maintaining the independence and sovereignty of the nation was concerned, the Westernization movement showed itself in the worst possible light. As everyone knows, the Westernization movement emerged on the basis of a link between the foreign invading powers and China's feudal powers, with the common aim of crushing the Taiping movement. The banquet at which the "Beijing treaty" was signed became the base

on which the foreign and Chinese reactionary forces clasped hands and joined together. The Westernist nobility of the new Qing government were praised by the foreign aggressors as "the politicians most likely to be able to maintain friendly relations with foreigners." (Then British envoy to China, Mr Bruce) The British aggressors who twice launched the Opium War against China were referred to by the Westernist faction as "a friendly nation which we believe we can win over in good faith" (report by Yi Yin to Emperor Xian Feng in 1860); in other words, from the very beginning the Westernization movement was following a line of seeking compromises and peace with foreign countries. This became the Westernization movement's leading ideology and with this kind of foreign policy the movement was heading for a total loss, loss of sovereignty, carving up the country, payment of reparation, and for China to cease to be a country into itself.

The Westernization movement was launched in an attempt to save and consolidate the rapidly failing feudal ruling system and as a consequence it never even discussed reforms to the feudal system. Although the Westernist faction also talked of "political reform and self-strengthening," it was limited only to manufacturing arms and boats and building up a new army and navy and establishing modern mining and transportation enterprises. The movement did not consider touching nor did it even dare to touch the political system theories, and morals on which the feudal system survived. This, then, illustrated the basic central ideas of the Westernization movement, namely the call for "Chinese learning as the substance, making use of Western learning." "Making use of Western learning" implied studying advanced Western production technology, whereas "Chinese learning as the substance" was actually in direct contravention to the trends of the times. The Westernization movement attempted to transplant Western science and technology under the premise of preserving the feudal system, thus the result was inevitably that things went contrary to what was wanted. In the process of studying "Western learning," the Westernist faction managed with some difficulty to transplant into China some modern equipment and installations from the West, but the tradition of feudal corruption caused a constant decrease in this. The shackles of the feudal system became the intensional factors in the defeat of the Westernization movement. The capitalist class reform movement criticized the Westernization movement as "having lost its substance in seeking its purpose," saying that it "attended to trifles to the neglect of essentials." Naturally the call to "making use of Western learning" was in objective terms aimed at swaying public opinion for the importation of Western bourgeois civilization, but the importation of Western bourgeois civilization helped speed up the collapse of the feudal system. However, this was contradictory of the subjective motivation of the Westernist faction.

During the Westernization movement, some military and civilian enterprises were indeed set up. In objective terms they prepared specific technological conditions for the emergence and development of capitalism, assessing some recent enterprise management and administrative experiences and training some technological personnel, thus playing a very definite role in China's development toward capitalism. This should not be glossed over. However, because the guiding ideology of the Westernization movement was to preserve

the dying feudal system, it could not have a clear program for encouraging the development of capitalist freedom. The modernized enterprises that were set up were extremely compradorial and feudal. They developed along the abnormal lines of early bureaucratic comprador capitalism. The development of old China's bureaucrat comprador capitalism took place through the period of the Westernization movement of the Qing Dynasty government, the period of the Beiyang government, and period under the nationalist rule of Chiang Kai-shek. The Westernization movement represented its period of inception. For this reason it was impossible to fully develop capitalism in China.

Since the Westernization movement was unable to solve the above-mentioned three fundamental problems, it was inevitable that the "self-strength" and "realistic" approach which it advocated became nothing more than empty words. In 1895 after China's defeat in the Sino-Japanese war, the foreign aggressors reached their peak of power, and thus the Chinese people found themselves facing a hopeless situation of self-extermination and the ruin of their country. This heralded the demise of the Westernization movement. Historical facts prove that the Westernization movement, which lasted for 30 years or so, was not a progressive movement in terms of either its essential nature or its guiding principles.

Some theorists, while confirming that the Westernization movement was a progressive movement, also highly esteem such leaders of the Westernist faction such as Ceng Guofan and Li Hongzhang, calling them "pragmatists" in the move to promote Chinese capitalist modernization. This does not conform with the reality of history.

Everyone knows that the main leaders of the Westernist faction were all important warlords, bureaucrats, and landlords who were depending on their links with the foreign aggressive powers in order to suppress the Taiping Heavenly Kingdom revolution. They made compromises with foreigners and maintained the feudal system in China. From beginning to end, their motivation and aims in organizing the Westernization movement were to save, maintain, and consolidate the feudal system. Not only did they do nothing to move China toward capitalist modernization, they did in fact speed up China's demise into a semicolonial and semifeudal society, hampering China's development into an independent capitalist society.

Those comrades who overly praise the Westernist faction are fond of drawing on a phrase of Comrade Mao Zedong from "Discussion of Joint Government" when he said: "In the final analysis, the effect that all policies and practice of all political parties in China have had may be judged by whether they fetter or emancipate the productive forces." ("Selected Works of Mao Zedong," Vol 3, p 1028) However, these comrades forget to mention what Comrade Mao Zedong went on to say just after this: "Without independence, freedom, democracy, and unity, it is not possible to establish a truly large-scale industry." "Without political reforms all productive forces are doomed to destruction; this is the case in agriculture, and also in industry." ("Selected Works of Mao Zedong," Vol 3, p 1029) How can we only take note of the first of these two quotes and ignore the second, simply because the Westernist faction constructed a few modern enterprises? It is

not a good idea to mechanically use the development of the productive forces as a formula for progressiveness. During the period when the old society was already totally corrupt and the old production relations were the fetters blocking the development of the productive forces, without a fundamental reform or overturning of the system, and without a change in the old production relations, there could not be a discussion of the true development of productive forces. Revolution is aimed at liberating the productive forces. When Sun Yat-sen talked of "revolution to save the nation," he knew that in order to save the nation, develop the productive forces, and make China a strong country, a revolution was necessary. However, the Westernist faction simply developed enterprises with the sole aim of consolidating and maintaining the old system.

It is true that the Westernist faction, in comparison to the ignorant and conservative feudal faction, was clearly far more enlightened in its attempts to introduce advanced Western production technology. In the sharp controversy that existed between the Westernist faction and the old hardliners, the hardliners constantly opposed all Westernist activities, while the Westernist faction did its utmost to promote Westernization. However, the struggle between Westernization and old-line conservatism was mainly limited to the means and methods of preserving feudal rule. Both factions were in fact in complete agreement on the concept of maintaining feudal rule. In other words, the main controversy between the two factions was centered around "using Western learning" and not "Chinese learning as the substance." The extent of the Westernist faction's ridiculous loyalty toward maintaining the Qing Dynasty government's feudal rule and its determination to preserve feudal principles and morals was in fact no less than that of the old-line faction. When the reformists were ascending the political stage, the Westernist faction merged with the old-line faction and publicly opposed the progressive ideas of the reformists. It was no coincidence that the Westernist faction firmly upheld the feudal teachings of the three cardinal guides and the five constant virtues, or that it supported and had a hand in the old-line faction's oppression and murder of reformists.

When considering the question of resistance against foreign aggression we should carry out a concrete analysis of each member of the Westernist faction, seeking truth from facts, and we should not lump them all together. For example, in 1876, Zuo Zongtang bravely prevailed over the censure of the capitulators, led armies to the west, and resisted the Russian and British aggressors, thereby wiping out the reactionary forces of the foreign puppet Yakub Beg, and in doing so recaptured Xinjiang, protected the frontier, and did great things for the motherland. Actions such as his have been confirmed throughout historical circles. However, our approval of the patriotic actions of Zuo Zongtang in Xinjiang is not the same thing as showing approval and confirmation for the entire Westernist faction and the Westernist movement. We cannot use Zuo Zongtang's historical contributions to cover up the historical crimes of compromise and national humiliation committed by Ceng Guofan and Li Hongzhang. Ceng Guofan died very early on, but the compromising attitude of the Westernist faction was stipulated and initiated by him. Before he died he was involved in handling legal affairs between the church and the people in Tianjin. Later on, even

he was forced to admit: "I was criticized by others, and I feel guilty, and I shall regret it all my life." Li Hongzhang was the person who wielded the greatest power in the Westernization movement from beginning to end, and he was the one who did the most to humiliate the nation and forfeit its sovereignty. It was he who connived with Japan to enable the gobbling up of Liuqiu, it was he who was against the dispatching of troops to resist the Russian and British aggressors in Xinjiang, it was he who during the Sino-Japanese war advocated the avoidance of fighting and proposed peace, and thus caused China to lose, and it was he who signed the "Maguan treaty." It was also he who in 1901 signed the "Xinchou treaty," which concluded the invasion by the joint armies of the eight countries. Thus we can say that Li Hongzhang's line of compromise with the foreign aggressors that he followed was taken to an incorrigibly stubborn degree. Liang Qichao spoke of him with irony in one of his poems when he wrote "a man who destroyed the nation like no one else had ever done." And his words are indeed true. It is only natural that the masses should bitterly attack this treacherous historical criminal Li Hongzhang, who humiliated the nation and forfeited its sovereignty. Some people in their defense of Li Hongzhang say that "weakness produces compromise," saying that it was an inevitable action in view of the "daily worsening balance of power between China and the foreign aggressors." This is incorrect. National defeats throughout history often cite this as an excuse. It is very difficult to say to what extent the forces of China and the foreign aggressors had reached a terrible situation during that time. During the Sino-French war, the Chinese military forces were clearly superior while in the Sino-Japanese war the Chinese Navy and Army were roughly the same in strength as Japan, and if it hadn't been for Li Hongzhang's avoidance of battle and his hesitation, the outcome of the war might not have been defeat for China.

Naturally we should also carry out concrete analyses of such people as Ceng Guofan and Li Hongzhang. Some theorists have researched and investigated the thought behind the Westernization movement on the basis of the written material left behind by these people, and this work is undoubtedly very useful. However, it is not very suitable to make an inaccurate and unsuitable evaluation of these people simply on the basis of what has been written about their words and deeds. The proverb "actions speak louder than words" is very true. Just as Lenin said: "We judge a person not on the basis of what he or she says, but according to what he or she does." ("Collected Works of Lenin," Vol 14, p 226) When we criticize people such as Ceng and Li, we should do so on the basis of their actions and their deeds.

Those comrades who overevaluate the Westernist faction and the Westernization movement say that the Westernization movement should be categorized along with the 1911 revolution, and the Wuyong political reform, as another important link in the mainstream of recent Chinese historical development. We find this unacceptable.

The mainstream questions of recent Chinese history touch on views concerning the nature of Chinese society, the target and purpose of the Chinese revolution, and other important questions. Comrade Mao Zedong made a very detailed analysis of this. He pointed out that after the Opium War, China gradually

became a semicolonial and semifeudal society. The main target or main enemy in the Chinese revolution was imperialism and feudalism, and the major task of the period of the democratic revolution was to overturn the pressure of imperialism, and within the country itself, to overturn the oppression of the feudal classes. Starting from this basic view, he said: "Imperialism fused with Chinese feudalism and changed the country into both a semicolony and a colony, while at the same time the Chinese people resisted imperialism and its running dogs. The Opium War, the Taiping movement, the Sino-French war, the Sino-Japanese war, the Wutong political reform movement, the Yihetuan movement, the 1911 revolution, the May 4 movement, the May 30 movement, the Northern Expedition, the agrarian revolutionary war, and the war of resistance against Japan all illustrate the spirit of resistance in the Chinese people and their unwillingness to submit to imperialism and its running dogs." ("Selected Works of Mao Zedong," Vol 2, p 595) We can see here that Comrade Mao Zedong took the incessant struggle of the Chinese people to resist imperialism and feudalism as the mainstream of all recent developments in Chinese history. Not only was the period of the new democratic revolution like this, so too was the period of the old democratic revolution. This is how history really was and it corresponds fully with the objective reality of developments in recent Chinese history. The important movements and wars from the Opium Wars up until the May 4 movement, spanning about 80 years, which Comrade Mao Zedong listed, were all major events in which the Chinese people opposed foreign aggression and Chinese feudal rule. As the Chinese people underwent wave after wave of struggles in their opposition to imperialism and feudalism, they became more well trained and improved themselves. The Chinese proletariat and its pioneers the Chinese Communist Party which took the responsibility to lead China's new democratic revolution, grew up on the basis of the major struggles of the previous historical period of anti-imperialism and antifeudalism. The people are the important characters in history and they are the creators of history. This 109-year segment of recent Chinese history was mainly the history of struggle on the part of the Chinese people to resist imperialism and feudalism. How can the first 80 years of the old democratic revolutionary period be separated from the entire history of struggle against imperialism and feudalism? We believe that we should uphold the accurate words of Comrade Mao Zedong and view anti-imperialism and antifeudalism as the mainstream of development in recent Chinese history. The Westernist faction and the Westernization movement with their compromises with foreigners and their domestic stubbornness to preserve feudalism, their lack of resistance to imperialism or to feudalism surely cannot be considered as part of the mainstream of the development of recent Chinese history.

Naturally, when we stress that the mainstream of development in recent Chinese history was the people's struggle to resist imperialism and feudalism, we are in no way ignoring the important role that capitalist modernization played in recent social development in China. The promotion of capitalist modernization in China formed the economic and material basis for the change of China's feudal society into a capitalist society. It was also an important condition for the development of the people's struggle against imperialism and feudalism. The problem is that as soon as capitalist modernization began in China, it was oppressed and shackled by foreign

aggressive powers and China's own feudal powers and as a result it never had a chance to achieve full and normal development. As a result, in order to promote capitalist modernization in China, it was necessary to oppose imperialism and feudalism. In recent Chinese history the struggle of the people to oppose imperialism and feudalism and the promotion of capitalist modernization often complemented each other and were often mutually stimulating. Every development in capitalist modernization was closely linked to every development in the struggle against imperialism and feudalism. Many exemplary people who nurtured the concept that "industry and commerce would save the country" and who set up and managed modernized enterprises gradually came to understand through their many years of practice that the modernization of agricultural and industrial forces in China was fundamentally impossible if China was not independent, free, democratic, and united. It was on this objective basis that they and their representative classes and strata were able to support and take part in the struggle against imperialism and feudalism.

The road taken by the Westernization movement was not the road of anti-imperialism and antifeudalism, rather it was the road of unity with imperialism and preservation of feudalism. Attempts for modernization under the premise of unity with imperialism and preservation of feudalism could only lead to a semicolonial and semifeudal society and could never produce an independent capitalist society. The social reasons why the Westernization movement took the above-outlined road to modernization lie in the mutual integration of the powers of the foreign aggressors and the Chinese feudal rulers. The latter-day Qing government, Yuan Shikai's Beiyang government and Jiang Jieshi's nationalist government also continued this road to modernization, and as a result were never able to change the semicolonial and semifeudal nature of Chinese society. So capitalist modernization never became a reality. This road represented the interests of both China's and foreign reactionary powers. They were diametrically opposed to the fundamental interests of the people who were struggling to oppose imperialism and feudalism and achieve independence and strength for the country. It was this road which represented an important objective basis for the negative and reactionary aspect of the Westernization movement. As a result there is no basis whatsoever for saying that the Westernization movement falls into the same class as the anti-imperialist and antifeudal Wutong political reform movement and the 1911 revolution, and that together they were three progressive movements in the period of the old democratic revolution.

The Westernization movement was a complex historical affair. When we evaluate it, it is not scientific to totally reject it and refuse to admit any limited role that it might have played in objective reality. At the same time, however, it is also incorrect to attempt to explain away its reactionary nature and call it a fundamentally progressive movement. Our view is that we cannot confirm the essential nature of the Westernization movement, nor, however, can we totally ignore the progressive role that the Westernization movement may have played in objective terms, albeit very limited and minimal.

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ON 'CHINA STATISTICS YEARBOOK (1983)'

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[Article by Yang Jianbai [2799 1017 4101], adviser to the China Statistics Society]

[Text] The 1983 "China Statistics Yearbook" is much richer in content than the one put out in 1982. It lists the yearly figures for major indexes since the founding of the PRC; provides additional information on comprehensive national statistics, such as the total product of society and the national income; gives more detailed information on total investments in fixed assets and in updating equipment, on newly added productive capacity, and so on; and includes data on the consumption level of the whole population, on social welfare facilities and the like. This valuable book of statistics is being well received by a wide readership at home and abroad.

A Reference Book for Keeping Abreast of the Overall Economic Situation and for Mapping Out Macroeconomic Strategic Decisions

The "Statistics Yearbook" reflects the economic situation and its developments and changes through a set of indexes and data. It includes in its content the data of various economic branches and different regions, as well as the yearly figures for major indexes since the founding of the PRC. Just by reading the "Yearbook," we will be able to get a clear picture of the situation in the current year and in the past. This is of help to us in analyzing the interrelations and changing developments of economic activities, the findings of which will be used as the basis for formulating macroeconomic strategic decisions. Some of the comprehensive indexes are particularly useful reference points in the formulation of such decisions. In formulating macroeconomic strategic decisions, it is of course necessary for us to study the key projects and the important issues. But what is even more important is that we must proceed from the situation as a whole and take a broad and long-term view. This requires that we pay attention to the comprehensive indexes, the ratios between various departments, and the macroeconomic results.

The total product of society, the gross industrial and agricultural output value, and the national income are all comprehensive indexes that reflect the overall situation of the national economy, but the national income

should be the dominant factor. The decision of the State Council to take the national income as the comprehensive index for measuring the development of the national economy is perfectly correct. The reason is that the national income is the sum total of the net output value of various departments of material production, and can reflect with greater precision the actual developments of and changes in the national economy as well as the economic strength of our country. From the "Yearbook" we can clearly see the disparity in the three comprehensive indexes mentioned above. Take the total product of society for example. It is more comprehensive than the gross industrial and agricultural output value (which does not include the building industry, communications and transport, and commerce), and can fully reflect the process of reproduction in society. However, because it does not make deductions for material consumption from the output value of various departments, it cannot precisely reflect the developments of and changes in the national economy, or the economic strength of our country for that matter. This can only be shown by the national income index which has already made deductions for material consumption. We might as well cite the following example to illustrate the good points of the national income index. If the ratio between industry and agriculture is calculated according to the gross industrial and agricultural output value, China's industrial production has, since 1956, outstripped agricultural production. That year, the gross industrial output value accounted for 51.3 percent and gross agricultural output value accounted for 48.7 percent (see "Yearbook," p 20). However, if this ratio is calculated according to the net output value, industrial production did not outstrip agricultural production until 1971. That year, industrial production accounted for 42 percent of the national income and agricultural production accounted for 39.8 percent ("Yearbook," p 24). The reason for this is that the gross industrial output value calculated according to the factory method involves a good deal of duplicate calculation and cannot precisely reflect the actual ratio between industry and agriculture.

The "Yearbook" gives the figures for the economic developments and changes over the past 30 years and more. It not only shows the fluctuations in our national economy, but tells us the balance or imbalance in the processes of production, distribution, exchange, and consumption, in addition to improvements or deteriorations in economic results. We have had some successful experience, but have also suffered failures. A conscientious study of these experiences and lessons is conducive to the formulation of macro-economic strategic decisions for the future.

A Reference Book for Carrying Out Education on Patriotism

China's technological and productivity levels used to trail a long way behind the advanced industrial nations. After the founding of the PRC, our economic growth suffered great setbacks during the "Great Leap Forward" and the "decade of turmoil." Because of this, some people think that China's economy is not as good as capitalism. This is a misunderstanding, to say the very least. These people probably do not understand the overall situation of China's economy, or the economies of other countries for that matter. This "Yearbook" tells us that despite some ups and downs and the fact that

coordination between various departments is not quite ideal, our national economy has returned to the path of sound development after readjustment. The general trend is, after all, one of continuous development and increasing prosperity. This is precisely where the superiority of the socialist system lies. How does our economic growth rate stand in relation to other countries? The "Yearbook" tells us that the rate of annual growth of our GNP is above 6 percent, while in comparison with other developing capitalist countries whose annual average GNP growth rate, except Japan, is generally lower than ours; among the developing countries, Mexico and Brazil are the only two nations that have a slight lead on us ("Yearbook," p 565). The GNP of the West is different from our national income in the way it is calculated, but it can be used as a point of reference in comparing the trends of development. It goes without saying that the "Yearbook" reflects the economic situation in China. But if we want to make a more concrete comparison and analysis with other countries, we have to rely on other sources.

An Informative Reference Book for Learning Economics and Statistics

The "Yearbook" gives explanations for a number of major indexes. For example, because indexes for the total product of society and the national income were not widely used in our country in the past, some people still do not know how these two indexes are calculated and what they actually cover. This is clearly explained in the "Yearbook." The total product of society is the sum total of the gross output value of agriculture, industry, the building industry, transport, and commerce (it is the total volume of the gross social products calculated in terms of money); and the national income is the sum total of the net output value of these five departments (that is, after deducting from the total product of society consumption funds for the means of production).

Our total product of society is not the same as the GNP of the capitalist countries. The GNP includes income from departments of nonmaterial production. It does not include the transferred value of raw and processed materials, fuel, and power in production, and only includes fixed assets depreciation funds. Their national income is GNP minus depreciation funds (this too is different from our national income, because it includes income from departments of nonmaterial production).

Some people are not very clear about the specifications of some of the indexes mentioned above. For this reason, they often confuse our national income with the national income or GNP of Western countries and make comparisons between indexes which are not comparable. For example, in the recent discussion on whether or not our gross industrial and agricultural output value or total product of society can increase simultaneously with the national income, some people used the simultaneous increase of the GNP and the national income in the United States as a case in point to argue that we should also strive for a simultaneous increase. Actually, the only difference between the GNP and the national income in the West is that one includes depreciation funds and the other does not. Since changes in depreciation funds within the year are relatively stable, the two indexes

sometimes appear to increase simultaneously. But their GNP is different from our total product of society and gross industrial and agricultural output value both in meaning and in the way it is worked out. Thus, it cannot be used as a premise for inference.

For another example, since the early 1960's, we have always entered the output value of industries run by production brigades and production teams into the account of sideline occupations in the gross agricultural output value. In the past, the scale of the brigade-run industries was very small. Since they have grown in size in recent years, their output value should no longer be calculated as agricultural output value. The "Yearbook" pointed out that efforts are now made to change this method of calculation. If we do not deduct industrial output value from the gross agricultural output value, we will exaggerate the extent of agricultural development.

The "Yearbook" also explains the meanings of current and comparable prices. In the press and in books, one often comes across indexes, such as output value, which are calculated according to current prices, being compared with the periods before and after. Actually there is no ground for comparison. Only by using constant prices or by converting the figures into price indexes can we scientifically compare indexes of different periods that are expressed in monetary terms.

In short, one is bound to benefit from a careful reading of the explanations given to the indexes.

A Good Teacher and Helpful Friend to Those Engaged in Statistical and Economic Research

The "Statistics Yearbook" can only provide us with some basic statistical figures. It cannot include everything. People who are engaged in statistical and economic research may make statistical and economic analysis through further processing and calculation. A lot can be done in this connection.

In the past, we usually paid a great deal of attention to economic analysis. This is of course necessary. However, we did not attach too much importance to statistical analysis. By statistical analysis, we mean making quantitative analysis with statistical methods. In the teaching material for statistics, hypothetical cases are often used to illustrate how a certain method works. Once we have mastered the method, we should use it in observing the economic situation. The "Statistics Yearbook" provides us with a lot of information for making this kind of analysis. For example, we may take the accumulation funds or fixed assets investments as an independent variable and the national income as a dependent variable, and use relevant statistical formulas to analyze their relationship. We may use the yearly figures for energy consumption and for production in the national income to work out the modulus of elasticity for energy consumption, and make analysis of things in their dynamic state. Using information obtained from family livelihood surveys conducted in town and country, we may make analysis on the frequency of distribution and carry out calculation according to statistical methods in order to find out whether or not the

income distributed to people of different income groups is reasonable, and so on.

All of us know quite well about economic analysis. Here I would like to go into one question in particular.

The "Statistics Yearbook" truthfully and vividly reflects the great achievements of China's socialist construction. At the same time, it also reflects the tortuous course of our advance. From the figures one can read a mass of experience and lessons, which all boil down to one point: For some time in the past, our major lesson was caused by high accumulation and speed and low consumption and economic results.

If we look at the ups and downs reflected in the "Yearbook" from the angle of economic decisions and the arrangement of plans, we know that we must not be overanxious for quick results, go all out, and blindly increase investment in fixed assets as soon as we see an upturn in the economy. On the other hand, we must pay great attention to the improvement of the people's livelihood. However, the standards of living must not be raised to a level that is beyond the increase in labor productivity. We must not overlook the need to expand reproduction and consume all the added national income. In short, the crucial thing is to seek truth from facts, proceed from the situation as a whole, improve macroeconomic results, and strive to achieve a higher speed while taking the improvement of economic results as the central task.

Lastly, in order to improve the editing and publication of the "Yearbook," I think that the indexes for various economic sectors may be appropriately simplified, and comprehensive indexes appropriately increased. The "Yearbook" should supply more base figures so people may do their own calculations. In order to satisfy those who are interested in the study of economic results, indexes for taxes and profits calculated according to the plans of the departments of material production should be added. In order to show the improvements in the people's material and cultural life, indexes relating to cultural life and data on the groupings of urban and rural inhabitants according to income should be added. Population data should also be added where appropriate. These are but my superficial remarks. They are for reference only.

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THE LAW OF HISTORY IS IRRESISTIBLE--HOW TO LOOK AT THE CAPITALIST WORLD TODAY

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[Article by Fan Kang [2868 0073] and Wang Huaining [3769 2037 1380]]

[Text]

I

As a stage in the development of human society, the history of capitalism dates back several hundred years. The rise and decline of capitalism are independent of people's will because they represent the law of the development of history as well as a natural phenomenon.

The history of mankind is developing in the process of the movement of basic social contradictions. And it is as a result of the development of the contradictions between social productive forces and production relations that a social system is replaced by another social system. New, capitalist production relations emerged in the economic structure of feudal society following the development of the productive forces of the feudal society. Violence displayed a tremendous role in the history of the formation of capitalist relations. The activities of primitive capital accumulation were carried out in Western Europe from the 16th century to the 18th century and this meant that violence was resorted to to deprive peasants of their land and to exploit colonies abroad to promote the change from feudalism to capitalism. Through bourgeois revolution and industrial revolution, the capitalist system finally replaced feudalism to create its social domination. From the 1660's, when the bourgeois revolution was launched in Britain, to the 1860's, the capitalist system was successively formed in advanced European and American countries and since then it has gradually expanded throughout the world. This was the period of the rise and development of capitalism. Capitalism displayed a progressive role during this period. It smashed the conventions of the Middle Ages, constantly sought technological innovation, and created unprecedentedly tremendous productive forces. It also broke away from local and national closed-door policies to create a world market and develop close economic relations between regions and countries of the world.

But the replacement of feudalism by capitalism meant the replacement of a system of exploitation by another system of exploitation. The emergence of capitalism has been coupled with its own insurmountable contradictions. The

basic contradiction of capitalism represents the contradiction between socialized production and private ownership by capitalists. This basic contradiction has caused the emergence of a series of contradictions and conflicts in capitalist society. And these contradictions and conflicts are mainly shown in the antagonism between the bourgeoisie and the proletariat and the antagonism between organized production in factories and anarchism in social production as a whole. From the viewpoint of class relations, the basic interests of the proletariat are antagonistic and unreconciled to those of the bourgeoisie. The bourgeoisie can carry out its production activities and can survive only through exploiting the workers, and the proletariat will not be able to win liberation until it is able to overthrow the capitalist system. The struggles waged by the proletariat against the bourgeoisie will inevitably become more acute following the development of capitalism in breadth and depth. The proletariat has the historical task of burying capitalism. From the viewpoint of the process of economic movement and under the condition of anarchism in capitalist production, capitalists have constantly expanded their production because of competition among themselves; on the other hand, the demand from the laborers ability to pay is limited. And when the contradiction between constant expansion of production and limitation of demand from ability to pay develops to a certain stage, there will certainly explode a crisis of a surplus of production. Such a crisis first happened in Britain in 1825, and since then it has happened cyclically, sweeping the whole capitalist world. Such crises have seriously damaged productive forces and caused misery to the working class, aggravating class contradictions.

The political and economic contradictions of the capitalist world began to worsen unprecedentedly from the 1870's and capitalism began to decline. The uprising of the Paris Commune in 1871 and the unprecedentedly serious world economic crisis in 1873 can be regarded as a turning point in the development of capitalism from prosperity to decline. The establishment of the Paris Commune by the French working class that overthrew bourgeois political power represented the prospect of the social revolution to emancipate mankind from the bondage of capitalism. Although the Paris Commune only lasted for 2 months or more, it served to show that the capitalist system had begun to decline and socialism had been put onto the agenda of social development. The economic crisis that swept the whole capitalist world in 1873 aggravated the concentration of production. And following this crisis, monopoly organizations developed more widely and capitalism began to transit from free competition to the stage of monopoly. During the period from the end of the 19th century to the early 20th century, monopolies became the foundation for economic life in major capitalist countries. This meant that capitalism had transited into its highest stage of monopoly capitalism, which is imperialism. This situation shows that the capitalist mode of production has become excessively ripe and productive forces have become highly socialized. And as a result, it has become more and more difficult for capitalist private ownership of the means of production to remain in accord with this situation. Under this condition, the bourgeoisie cannot but readjust production relations. That is, under the premise that the ownership of capitalists remains intact, they have widely formed holding companies which has also been coupled with the massive emergence of monopoly

organizations such as cartels and trusts, which have gradually occupied a dominant position. But monopoly has consequently been followed by parasitic, decadent, and stagnant trends and political reactionarism, only to aggravate the innate contradictions of capitalism. The three major contradictions of the period of capitalism, that comprise the contradictions between the proletariat and the bourgeoisie in imperialist countries, the contradictions between imperialism and the people in colonies and semi-colonies, and the contradictions among imperialist countries have become more acute. The monopoly bourgeoisie are being hit from inside and outside and they are frequently subjected to crises, wars, and people's revolutions. Imperialism has become dying capitalism and also represents the eve of the proletarian social revolution.

In 1917, when imperialist countries were waging global war in their contention, the proletariat in Russia united with the peasants and launched the October Revolution. They finally crushed Russian imperialism, which represented a weak link in the whole chain of imperialism. As a result, the capitalist system, in a land that makes up one-sixth of the world's total land area, was eliminated and the first socialist country was born, constituting a heavy blow to the capitalist world. Imperialism has since been bogged down in political and economic general crises. And because of various sharp contradictions and contention for world hegemonism, Germany, Japan, and Italy, which were the most aggressive fascist countries among imperialist countries, launched World War II, which caused unprecedented disasters to mankind. Consequently, the capitalist world was seriously weakened and there appeared a big breach in the capitalist world. Following the war, the capitalist system was buried in a number of East European countries and in Asian countries that included China, and has since been replaced by the socialist system. The struggles of the nations throughout the world that are subject to oppression and exploitation in their fight against imperialism and colonialism are at their climax and a number of colonies have become independent countries one after another. And following the collapse of the capitalist system, the strength of imperialism has been seriously weakened. Imperialism has found itself bogged down in difficulties and the days when the capitalist system was in its prime have gone forever.

The rise, growth, and decline of the capitalist system and the emergence and development of socialism in a number of European and Asian countries have fully demonstrated that the law of history is irresistible.

II

Socialism has been realized in various countries of the world one after another. And the decay and death of capitalism require a slow and long process. The replacement of capitalism by socialism represents past history as well as the orientation and main trend of future development and changes in the world. But because of the fact that following the war, imperialist countries experienced quite rapid economic development and that, at present, some of these countries have grasped relatively higher productive forces and more material wealth, some people have consequently doubted, and even denied, the Marxist scientific thesis that imperialism will naturally decline.

Therefore it is imperative for us to conscientiously address this question and answer it in a scientific way.

Even today, Western countries will pale at the mere mention of the development of their economies since a half century ago, and particularly since the serious economic crisis in 1929 to 1933, that was followed by recession and serious damage as a result of World War II. And since the middle of the 1970's, imperialist countries no longer have many things to take pride in, they are frequented by economic crises, and they have also long been subject to economic stagnation and inflation. It is true that during the period, which lasted for more than 20 years, from the early 1950's to the early 1970's, the economy of imperialist countries developed quite rapidly. This period has been regarded as the "golden age" of these countries that has made people bewildered. And yet it is imperative to concretely analyze this economic development.

First of all, the temporary economic prosperity of the capitalist world is based on tremendous destruction and sacrifices. We can see that such countries as Japan and the FRG, which have had the most rapid economic development since the war, were the most seriously damaged during the war. It was easier for these countries than for other imperialist countries to equip their economic departments with the latest technology. When we are talking about the economic development of these countries, we must recall their history and remember the death and blood and tears of the hundreds of millions of laboring people of these countries. The United States also has become the lord of the capitalist world through the war. During the war, the United States was the biggest weapons supplier. And since the war, the United States has taken advantage of the serious destruction of other countries to expand its spheres of influence abroad, while the local wars that have been launched, instigated, or supported by the United States have never stopped since World War II. And through such wars and expansion, U.S. monopoly capital has made tremendous profits that are stained with blood.

Second, crises and wars have quickened the development of state monopoly capitalism in imperialist countries. The state in these countries has resorted to various means to constantly step up its interference with the national economy and it has even become directly involved in the process of production. The development of state monopoly capitalism has enabled imperialist countries to readjust their production relations without having to affect private ownership of the means of production. And through financial measures, the state has increasingly concentrated the wealth of the nation in its own hands, to make massive investments and to promote consumption. These measures have resulted in further socialization of capital. [She hui hua 4357 2583 0553] The "welfare state" policy that has been implemented by bourgeois countries has, to a certain extent, eased class contradictions. All these measures have displayed their roles in enabling these countries to develop their economies more rapidly. But the history of the economic development of imperialist countries since the war has proved that the motive force of state monopoly capitalism in promoting the development of the economy is limited and temporary. If we say that capitalist countries have been able to develop their economies through past

destruction caused by war and crises, the various policies and measures taken by state monopoly capitalism are aimed at achieving economic development by way of sacrificing their future. This point has been proved by the fact that since the 1970's, the imperialist countries in general have been bogged down in inflation and have again been hit by serious economic crisis.

Deficit financing represents an important measure for state monopoly capitalism to stimulate economic development. In order to solve the problem of surplus production, the countries with state monopoly capitalism have constantly expanded financial expenditure in their bid to increase government investment and consumption to make up for private investment and consumption. But government revenues can in no way match such expansion. As a result, both financial deficits and national debts have constantly increased. The financial deficit of the United States is now about \$200 billion annually, while the national debt is as much as \$1,500 billion. National debts of imperialist countries now make up 40 to 50 percent of their gross national product, and this figure is growing. Huge national debts have caused inflation and are consequently followed by tax increases, only to increase the burden of the laboring people. In this aspect, U.S. President Reagan cannot but acknowledge the situation. He said: "We are mortgaging our future and the future of our children for temporary convenience" and this move will in future "cause serious turmoil in such aspects as society, culture, politics, and economy." Other economic policies implemented by imperialist countries have similar features. For example, in order to stimulate private consumption, various measures have been taken to expand consumer credit. The spending that is based on borrowing has no doubt expanded sales of commodities to bring about temporary and fake prosperity. But private debts have consequently increased. So the nature of these policies is the same and it means eating one's grain in advance. Payment of debts and interest make up a greater proportion of the income of the laboring people. Now, private and public debts in the United States total more than \$5,000 billion, which is 150 percent higher than the annual gross national product. It is true that during a particular period, building up enormous debts will help the economies of imperialist countries to move ahead. But if this situation continues, it will be impossible for these countries to develop their economies. And in addition, the contradiction between production and consumption will become sharper and this situation will eventually be followed by a still more serious economic crisis.

Third, another reason imperialist countries have been able to develop their economies more rapidly is that they have exercised the policy of new colonialism and stepped up their exploitation of the developing countries. Through exporting enormous amounts of state and private capital and setting up international companies, imperialist countries have ruthlessly plundered the developing countries. A very striking example in this aspect is the oil industry. Before 1973, when the developing countries were yet to wage struggles over the matter of oil, imperialist countries obtained low-priced oil from the developing countries and, as a result, the former have been able to promote the development of their economies. Certain Western scholars are of the opinion that the economic prosperity of Western countries after

the war was based on cheap oil. It is for this reason that when the developing countries began to wage struggles in the matter of oil and when the era of cheap oil came to an end, Western countries found themselves in economic difficulties.

Of course, in addition to the above-mentioned factors, we must also understand that the progress of science and technology after the war has also displayed its role in the economic development of imperialist countries. Productive forces are constantly developing. And as the means of production and production knowledge have constantly grown, the development of productive forces has become quicker. When we say that imperialism is decadent and obstructing the development of productive forces, we mean that the various sharp contradictions that have been caused by imperialism have resulted in a big difference between the development of production and the possibilities provided by scientific and technological progress. Should there be no integration of scientific and technological progress with world domination and war, and should science and technology be totally used in production, economy would be able to grow much more quickly.

It can be seen from the above analysis that the "golden age" of imperialist countries after the war emerged on the basis of the general trend of decay and stagnation and the accumulation of even sharper contradictions. Compared with the long development of history, this era was short-lived. Since the 1970's, the trend of stagnation and decay caused by state monopoly capitalism has apparently gained the upper hand in imperialist countries. The economies of these countries have been characterized by stagnation and inflation. It is true that following changes in the process of economic cycles, the economies of imperialist countries may grow or decline; but within a foreseeable period, it is unlikely that these economies will again experience their "golden age." It is because the current stagnation and inflation are caused by production surplus plus inflation, which the imperialist countries can hardly get rid of. So far, these countries have not been able to find a way to stimulate the development of their economies and at the same time curb inflation. Therefore it is really difficult for these countries to activate their economies.

When we say that imperialism is decadent and is obstructing the development of production, we do not mean to deny the relatively high development of imperialist countries. These countries are rich and they have high levels of material civilization. But this wealth and civilization are the creation and result of accumulation over the past several hundred years by the laboring people in the process of the development of capitalism. And in the final analysis, this wealth and civilization are the product of the ruthless exploitation and plunder of the laboring people at home and abroad. The happiness and enjoyment of such countries are to a great extent based on the miseries of the oppressed people and nations throughout the world. The present poverty and backwardness of a number of the civilized and ancient countries in Asia, Latin America, and Africa, such as China, India, Egypt, and Mexico are related to the aggression and plundering by imperialism. The days when these countries were being enslaved was also the time when imperialist countries were becoming richer at a quicker pace. We must be

able to see through their magnificent appearance, to see the nature of the exploitation and the road of development of capitalist countries.

III

In consequence of various contradictions and particularly serious economic stagnation and inflation, there have emerged two different ideological views among some of the bourgeoisie in the capitalist world. One view is represented by the so-called modern "Apocalypse," published by the Club of Rome, according to which, the decline of capitalism means the destruction of mankind and it predicts that the "end of the world" is approaching. Of course, this view of bourgeois pessimists can in no way be realized. This is because the spring of mankind will come when capitalism has declined and been replaced by socialism. Another view advocates a new technological revolution to solve the contradictions of capitalist society and restore the vitality of capitalism. Those holding this view have understood that the development of science and technology is getting faster. But they have overemphasized the importance of development and denied the roots of the decline of the capitalist system.

We know that the decline of capitalism is not caused by insufficient production but by the relations of capitalist production that are far from being in line with the highly advanced productive forces. If, under the situation in which social productive forces are developing at an increasingly quicker pace, the old capitalist system remains unchanged, the result will be that the contradictions will become more sharp and there will be no way to ease and resolve conflicts. Now, the economies of the imperialist countries are suffering from "stagflation" and repeated grave economic crises. Does all this not take place under the condition that there have been tremendous developments in science and technology in the postwar period? Scientific and technological progress is helpful in increasing or improving people's means of labor. And now this development has even replaced certain mental power, saving people's physical and mental labor and promote in a big way the production of material wealth. But this development is not the remedy for declining capitalism. In addition, under capitalist conditions, such development will intensify unemployment, giving rise to serious social and political problems. The past few years have witnessed turmoil among urban populations and young people in Western countries and such events show that class contradictions are becoming sharper. We can see that new scientific and technological developments will be unlikely to bring new hope for imperialism. On the contrary, the more science and technology promote the development of social productive forces, the stronger will be the demand to change private ownership into public ownership.

Since it is imperative to change the relations of capitalist production, is it possible for the bourgeoisie to survive through their own measures in readjusting production relations? Doubtless, in the present situation, in which imperialism is facing increasing difficulties, the ruling class of imperialist countries will further strengthen state monopoly capitalism in their efforts to find a way out. But the development of state monopoly capitalism itself shows that capitalism will not be able to continue to exist

by following its old road. The strengthening of state monopoly capitalism does in no way mean that capitalism is strong; it only means that it is becoming weaker and weaker and that consequently it has to rely on the strength of the state. Thus, the development of state monopoly capitalism is not good news for capitalism; on the contrary, it means that the decline of imperialism is becoming more and more obvious. The various contradictions that are caused by state monopoly capitalism have been exposed more thoroughly. In addition, the enormous material wealth that is concentrated in the hand of state monopoly capitalism and the means it uses to interfere with national economy will become enormous material conditions in the preparation for the transition to socialism. Sooner or later, the proletariat in imperialist countries will realize this transition through socialist revolution.

Imperialism represents a worldwide exploitative system and its internal contradictions are combined with international contradictions. To a great extent, the economic development of imperialist countries following the war and the introduction of the so-called "welfare state" policies are based on the exploitation and plunder of the developing countries. The contradictions between developing countries and imperialism and hegemonism are constantly developing. The struggles waged by the developing countries for the development of their own national economies, for economic independence, and for the establishment of a new international economic order will drastically shake the foundations of imperialist domination throughout the world. And following the sharpening of market problems, the development of imperialist countries will become more and more out of balance and consequently the contradictions between these countries will become more acute, weakening imperialist rule.

"Heaven will become old even if it has feelings, and time brings great changes to the world." We are now in an era of great historical changes. The prospects for imperialism are dim but the prospects for mankind are bright. The future of the world belongs to socialism and communism.

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IMPORTANT IDEOLOGICAL WEAPON FOR STRENGTHENING THE BUILDING OF THE CONTINGENT
OF CADRES--UNDERSTANDING GAINED THROUGH STUDYING THE 'SELECTED WORKS OF
CHEN YUN'

Beijing RED FLAG in Chinese No 7, 1 Apr 84 pp 39-43

[Article by Chen Yeping [7115 6851 5393]]

[Text] "The Selected Works of Chen Yun" (1926-1949) is rich in content and penetratingly written and the masses of party members should all study it well. Comrade Chen Yun held the post of organizational chief of the CPC Central Committee for 7 consecutive years from 1937 to 1944. This was a period when our party was in the process of achieving further political, ideological, and organizational consolidation and maturity and it was also an important developmental stage for the Chinese revolution, moving as it was from victory to victory. Starting out from the requirements at that time of the revolution and the actual situation within the party, Comrade Chen Yun used a Marxist standpoint and Marxist views and methods to assess in many areas the organizational work of the party over the previous years and the experiences and lessons from cadre work, and thus he explained and expounded in straightforward terms the complex subject of party construction and, in particular, principles and policies aimed at constructing the contingent of cadres, proposing many ideas of important guiding significance. Not only did he make enormous contributions in terms of consolidating and developing the party, he also, on the theoretical side, enriched the treasure chest of Mao Zedong Thought. All of this is of particular study value to those of our comrades involved in party organizational work and cadre work. In this article I would like to discuss some of the initial understanding to be gained from studying several points raised in "The Selected Works of Chen Yun" concerning the construction of cadre ranks.

I

One important theme which crops up often in "The Selected Works of Chen Yun" is a correct grasp of the cadre standards of both ability and political integrity and good selection and utilization of party cadres. Together these two also represent an important principle in the healthy construction of cadre ranks which must be adhered to from beginning to end.

Comrade Chen Yun pointed out that there are two important standards for cadres: one is politics and the other is ability, in other words one is morals and the other is talent. Both of these must be equally stressed and neither one can be ignored, although politics, or morals, occupies the most important position. Morals and talent should be unified and thus we must oppose cases in which only talent is attended to and morals are ignored, but likewise we should also oppose tendencies to ignore talent and only concentrate on morals. When we make use of Comrade Chen Yun's exposition concerning the dialectical relationship between morals and talent it becomes very clear to us that a person who has doubts about socialism and communism, and who is out of tune with the party's line, principles and policies, who lacks a sense of political responsibility and vocation, and who shows corruption of thought and work style, cannot, even if he or she has talent, assume a position involving the leading of socialist construction, and what in fact often happens is that that person's talent increases the evil aspects and, hence, the greater the "talent" the greater the danger to the party and the people. This kind of person simply cannot be put into an important position. This kind of thing must be watched for, especially today, and thus we must on no account allow people of the three categories and others who threaten and oppose the party to somehow wheedle their way into the leading groups. If someone like this is discovered already within the leading groups, then he or she must be weeded out [qing li 3237 3810]. However, simply being a cadre with good morals is not enough. Those comrades with good morals but no talent may be politically trustworthy but, if they lack necessary cultural and specialized knowledge and the ability to organize leadership, they will not be able to complete the tasks assigned to the party and open up a new situation, even if they do have a fierce desire to promote the cause and an industrious work attitude. Hence when cadres are being selected we must consider both their politics and their true talent. We must not allow those with political integrity but no talent to take up important positions, otherwise they may cause damage to both the state and the people. As Comrade Chen Yun pointed out in 1980, we must, under the premise of revolutionizing the cadre ranks, firmly introduce the features of being younger in average age, better educated, and more professionally competent and at the same time be systematic in the selection and utilization of cadres.

Standards for morals and talent have never been abstract. Comrade Chen Yun said that talent is not talent in a vacuum and morals are not morals in a vacuum. In 1940 he proposed four standards for the selection of cadres: 1) Loyalty to the proletarian cause and loyalty to the party; 2) close connections with the masses; 3) the ability to make independent decisions about work direction and to assume responsibility for the work; and 4) respect for discipline. In view of the situation at that time he also listed the fundamental requirements of morals and talent. When we study these things today they are still very inspiring. Of course, the actual content of the standards for cadres' morals and talents have developed in line with changes in the political tasks of the duties in different stages of history. The principle, proposed by the party central authorities, that cadre ranks must be more revolutionary, younger in average age, better educated, and more professionally competent represents a modern development

of the principle of ability and political integrity in this new period of history. In this modern period, the morals which we stress cadres must have are mainly those needed to uphold the four basic principles, to unswervingly implement the party's line, principles and policies, as put forward since the 3d Plenary Session of the 11th CPC Central Committee, and to serve the people wholeheartedly. The best way a cadre can serve the people and the most important way he or she can illustrate loyalty to the struggle unceasingly for the glorious target proposed at the 12th CPC National Congress, to quadruple agricultural and industrial output value before the end of this century and to make contributions toward that target. The talent that is required today is mainly competence in one's work position, specialized knowledge, and the ability to organize leadership, so as to comply with the demands of the new period and accurately solve problems which arise as we move forward. Thus on what actual basis, then, should we assess a cadre's morals and talents? The main basis should be their practice. Comrade Chen Yun said very clearly: "When examining a cadre's talents and morals, we should mainly look for signs in the completion of tasks." ("Selected Works of Chen Yun," p 147. Hereinafter only the page number will be cited for extracts from this work.) Expression in work and work achievements represent a comprehensive manifestation of a person's talents and morals and the most basic sign of a cadre's morals and talents lie in the creative and efficient completion of the party's tasks. Thus when examining a cadre's talent and morals, the most fundamental thing is to examine his or her achievements in the performance of his or her work and to see whether or not this person is opening up a new work situation as desired by the party and the people. If a cadre has been leading a region or a work unit for a long period of time and things have not changed and no contributions have been made and the other cadres and the masses seem generally dissatisfied, then we may conclude that this cadre is not lacking talent, but morals, or perhaps he or she may be lacking both. This, then, is the concrete utilization of the only standard of practice as a test for truth when investigating the work of cadres.

In order to accurately grasp the standards for ability and political integrity and to make good selections of cadres, it is also necessary to solve the following few problems: First, firmly establish a dialectical materialist viewpoint and view cadres without subjective bias. Comrade Chen Yun said that it is very difficult to completely understand a person and we comrades have two main shortcomings when we look at people: "The first shortcoming is that we use one eye to look at people, we only see one side of people, we do not see them in their entirety"; "the second shortcoming is that when we understand people we only see their today, not their yesterday, or we only see their past and we do not see their present, or we only see their achievements and not their faults, or only their faults and not their achievements, we only see the good in them today, we do not see the badness that was in them yesterday, or we only see the badness in them today, and do not see the good that was in them yesterday." (pp 45, 46) These two shortcomings do not allow us to make comprehensive and accurate assessments of cadres' ability and political integrity and thus also make it difficult to achieve accurate selection and utilization of cadres. Why is it that a large number of relatively

outstanding middle-aged and young cadres today have not been quickly promoted to positions of leadership in some regions and in some departments? Why is it that just when someone is about to be promoted a lot of rumor and whispering dogs them and as a result talented people are stifled and suppressed? One important reason is one of Comrade Chen Yun's above-mentioned two shortcomings at work. Hence we must without fail resolutely study what Comrade Chen Yun had to say on this topic and elevate the problem and come to understand it through a world view and methodology of a high plane, thus solving it from its very roots. Second, correctly understand the relationship between morals and talent and qualifications and record of service and firmly smash the old frameworks of "arranging seniority according to length of service." In general the extent of a cadre's revolutionary qualifications and record of service reflects his or her extent of accumulated work experience. However, some of our comrades often view qualifications and record of service in absolute terms and they even go as far as taking "the arrangement of seniority according to length of service" as an unwritten standard when they promote cadres, with the result that thorough implementation of the principle of ability and political integrity is seriously affected. Hence some outstanding cadres with both ability and political morals but few qualifications and little record of service are suppressed. Comrade Chen Yun constantly opposed the view of "arranging seniority according to length of service" and he clearly pointed out that "some people say that new cadres are not as experienced as old cadres and they do not have sufficient qualifications. According to this way of thinking, there is no way of promoting new cadres. It is very obvious that this point of view is incorrect." In actual fact "cadres lacking in qualifications and experience are not necessarily bad at their work." (p 113) Over recent years the old concept of "arranging seniority according to length of service" has to some extent been overcome due to a great deal of publicity about the implementation of the modernization of cadres, and thus large numbers of middle-aged and young cadres have been promoted to positions of authority and leadership. However, there are still some comrades who have been unable to get out of these old frameworks and when they promote cadres they are still accustomed to weighing things up according to qualifications and record of service, and thus when they promote one person they are suspicious in case he or she is too lazy and when they promote another they worry about it being fair or not. Thus it is clear that one of the important tasks which we cannot ignore at the moment and in the future is the thorough smashing of the old ways of thinking such as "arranging seniority according to length of service" and establishing more clearly defined principles for using people in these modern times.

II

An important condition for guaranteeing the prosperous development of our party and the continued development of our party's cause is to strengthen unity and cooperation between new and old cadres. It is also an important point repeatedly stressed in the "Selected Works of Chen Yun."

Unity among the cadre ranks and between new and old cadres in our party has generally been good because the cadres share common ideals, a common goal

in their struggles, and the firm leadership of the party, and even in times of extreme difficulty, and when serious distortions have occurred, the close relationship and unity between our new and old cadres has not fundamentally been shaken. Naturally, this does not mean that there are no problems. While problems in this area are not the most important, our party still regularly attends to correctly solving them, constantly regarding increased unity and cooperation between new and old cadres as a key issue in constructing a good contingent of cadres. Today we find ourselves in a special period of interchange and cooperation between new and old cadres and thus work in this area is of extreme strategic significance. After having studied what Comrade Chen Yun wrote about improving unity between new and old cadres in the "Selected Works of Chen Yun" I feel that there are two most useful points to mention.

First, Comrade Chen Yun correctly analyzed the essential nature of some problems which produced a lack of unity between new and old cadres. He said that of all the types of disunity between cadres, "the most frequent and the oldest is that of disunity between new and old cadres" and "the essential nature of disunity between new and old cadres is basically the problem of the relationship between the peasant cadres of the period of land reform and the intellectual cadres who have just joined the revolutionary ranks." (p 151) We all still remember that the outbreak of the war of resistance against Japanese aggression inspired the patriotic fervor of the masses of intellectuals and consequently many people took up the revolutionary road. In view of this situation the party central authorities outlined a large number of decisions concerning the absorption of intellectuals. Our party took in large numbers of intellectuals and they participated in party administration work, military work, and governmental work, or they organized cultural movements or mass movements, and in so doing greatly developed resistance against the Japanese and swelled the cadre ranks of the party. At that time leading cadres in the positions of regional secretaries and specialized personnel or above were all old cadres, and about 85 percent of middle- and lower-level cadres were new cadres, while 85 percent of middle-level cadres were intellectuals. It was a pressing, urgent requirement for our national liberation that large numbers of revolutionary intellectuals be absorbed into the cadre ranks of the party and it was also one of the important conditions which guaranteed revolutionary victory. However, at that time many comrades, including some old cadres, lacked sufficient understanding of the important significance of these strategic policies drawn up by the party central authorities and hence they did not appreciate that the intellectuals represented a revolutionary force, and indeed an important force, and they did not appreciate the importance of the intellectuals in the revolutionary cause and hence there existed incorrect feelings among them, reflected in fear or unwillingness to allow new intellectual cadres to assume positions of responsibility, opposition to intellectuals, and an unease about them. Clearly it would be very difficult to achieve unity between new and old cadres if such incorrect understanding about intellectuals that existed, and to some extent still exists, in the party were not firmly corrected. Comrade Chen Yun's correct analysis indicated the direction for improving unity between old and new cadres at that time and today it is still very educationally significant for us. Everyone knows

that the implementation of socialist modernized construction requires intellectuals. The promotion of cadres according to the party's principle of modernizing the cadre ranks corresponds to the demands of this new period in history and thus, in actual fact, what is required is that we promote outstanding middle-aged and young cadres (including those who have become talented through their own studies). In a situation such as this, it is even more important than ever before to correctly appreciate and understand the special and important position of knowledge and intellectuals in modernization and to wipe out the influence of "leftist" thinking in viewing the party's "four modernizations" principle for cadres and the party's policies concerning intellectuals, so as to make full use of the role of intellectuals. If we underestimate the importance of this problem and do not thoroughly solve it, then not only will we come up against serious obstacles when promoting younger cadres, but, in addition, it will be difficult to achieve close unity and cooperation between new and old cadres even after those younger ones have been promoted and as a result the glorious cause of socialist modernized construction will be seriously damaged.

Second, Comrade Chen Yun clearly pointed out that in order to solve the problem of disunity between old and new cadres, it was necessary to get to grips with the central aspect of the contradiction. Comrade Chen Yun said that one of the direct reasons for lack of unity between old and new cadres was mutual scorn. Some old cadres always say, "You have only been involved in the revolution for a couple of days, so what's so amazing? When I was involved in revolution who knows where you were! Some new cadres despise old cadres and they consider old cadres to be 'clodhoppers,' saying things like 'come over hear, when I talk to you about Marxism-Leninism, do you understand?'" (p 115) It is very clear that lack of unity is not the fault of only one side, both new and old cadres are responsible. In order to achieve unity between them we must encourage both sides to understand each other, to learn from each other, to respect each other, and to support each other. If contradictions emerge, everyone must carry out self-criticism. However, Comrade Chen Yun also stressed: "Old cadres are old revolutionaries, they are in positions of leadership and they should assume important positions of responsibility." (p 191) Hence this puts even greater and more severe demands on old cadres and Comrade Chen Yun earnestly admonished some old comrades who ignored the serious demands put on them and demanded that they see and understand that new cadres are their companions and future successors, that new cadres also have their good points, and that old cadres should seek their help. "Old cadres should not envy new cadres their talent or their knowledge, nor should they put on airs with other people, rather they should learn from others." (p 116) When new cadres show shortcomings, old cadres should not simply pick fault and criticize, rather they should patiently help and teach them, guiding them onto the correct road. "Unity between new and old cadres is a sign of progressiveness in old cadres." (p 191)

Since the Yanan period 40 years or more have passed and the new cadres from those early days have now become old cadres and many of these comrades now hold important leading positions in the party and the state. The

earnest teaching and severe demands that Comrade Chen Yun put on the old cadres of those days have now fallen on the shoulders of today's old cadres. This is a glorious historical task which time has bestowed on us and the load is even heavier than before. We must without fail enthusiastically treat today's new cadres in the way that Comrade Chen Yun demanded of old cadres in those bygone years. The important political responsibility facing us today is not only to select many young intellectual cadres and to construct the third echelon of all levels of leadership groups so as to provide the basis for the smooth realization of coordination and replacement between new and old cadres; we should also promote large numbers of young cadres to various levels and positions of leadership in the structural reforms going on, providing training and support with all our hearts. In this work the old cadres of the new groups have a heavy responsibility. Many of our old comrades help young cadres when working on major policies and when dealing with major problems within their regions. In concrete work they provide support for them and take the initiative in letting new cadres carry the load and they do not attend to everything themselves, placing new cadres in minor roles of little importance. We can foresee that if all old comrades behave in this way, then our new cadres will without doubt be able to make great strides and many among them will undoubtedly overtake us. It should be said that this is one of the most pleasing and gratifying things for we old cadres to see. The old cadres have had a great deal of experience and training, whereas the new cadres all have the knowledge and creative spirit necessary for modernized construction. Thus we must integrate these advantages that each side has and should not demand total perfection from everyone, and we should not envy their talent and thus put new cadres under pressure. We should not be overly polite about the shortcomings of new cadres, instead we should start out from a sense of protection and on this basis put forward necessary criticism and offer patient help. Naturally young cadres must fully respect old cadres and they must open-mindedly study and learn from the talent and rich experience that old cadres have accumulated over the years in organizational and leadership work. They should learn from the good ideology and good work styles of the old cadres.

III

Comprehensive concern for and protection of cadres is an important and integral part of the party's policies concerning cadres, and the articles in the "Selected Works of Chen Yun" concerning cadre work virtually all touch on this question.

Concern for and protection of cadres is multifarious. Comrade Chen Yun's theories concerning choosing and handling people can be summarized in the following few words: Understand people, be magnanimous, use people well, cherish people. These few words embody the spirit of concern for and protection of cadres. Comrade Chen Yun also pointed out that concern for cadres and cherishing them means ensuring that cadres are allocated appropriately, that full confidence is shown in cadres after they are promoted, that support is given from all sides, and that they do not fall from power, nor should they be treated like driven pieces and simply ruined for life with one blow. When cadres have any problems which are making them feel

uneasy, we should patiently help them solve the problems thoroughly and we should not shy away from any problem, large or small. If cadres have faults or shortcomings then the basic method of handling this is to criticize and educate. Criticism must be appropriate and accurate. Discipline must sometimes be used, and it is necessary at times and punishment should be appropriate. When investigating and examining cadres we must do so by seeking truth from facts. We must be strict and objective and not use subjective judgments as our basis, nor on any account should underhand means be used in the handling of party cadres. We must truly cherish the political life of the cadres and any questions which touch on a cadre's political life must be handled with earnestness and care, and we should not simply cancel and rescind a party member's membership. We should also show frequent concern for difficulties that cadres have in life and help them solve these problems. Comrade Chen Yun also said that we should not "carry cadres in sedan chairs" only saying nice things to them and covering up their shortcomings and loosening up on demands and requirements. Rewards and punishment should be clearly defined and if we do not criticize those who should be criticized, if we do not punish those who should be punished, if we allow any kinds of errors, then we are not cherishing the cadres, we are harming the cadres. If we do not reward those who should be rewarded then we cannot educate the cadres and encourage them to move upward. These things which Comrade Chen Yun said, this close integration of concern for and protection of, as well as strict demands on cadres, clearly tell us that this concern and cherishing is in harmony with strict demands, for concern and cherishing contains strict demands and without strict demands the aims of concern and cherishing cannot be reached.

Today some of our comrades are unable to fully understand and appreciate the party's policies concerning comprehensive concern for and protection of cadres. They wrongly believe that true protection simply requires that the party organization looks after them or even yields to them and that strict demands on cadres are not a form of concern and protection. In thinking this way they completely forget the four standards for cadres. Some party organizations do not dare to criticize and take action against the shortcomings they may sometimes see in cadres and thus this encourages the development of unhealthy thoughts and actions among the cadre ranks. One of the most obvious examples of this is the way in which some cadres display serious examples of selfishness, arrogance and self-satisfaction, only wanting people to say good things and not bad things, only accepting promotion and not demotion, insisting that their good work be admired and that their errors be ignored, not submitting to organizational allocation and not adhering to party discipline. For these reasons Comrade Chen Yun wrote some important articles and speeches concentrating on the strict demands and requirements made of cadres. Such articles and works as "Why We Should Expel Liu Ligong From the Party," "Cadres Should Make Strict Demands on Themselves," and "Two Deviations Related to Literature and Art Workers in the Party" were all of important educational value for party members and cadres in their time. At the Seventh CPC National Congress Comrade Chen Yun severely criticized the arrogance of some cadres, including some "important cadres, leading figures, party heads, and military heads." He said: "We should talk about the truth, not about face," and

this created a great stir within the party. The important ideas and practices of Comrade Chen Yun have played an extremely important role in promoting the construction of the cadre ranks.

At the 12th CPC National Congress, Comrade Hu Yaobang said in his report: "Some weak and slack phenomena still exist to a serious extent in the work of some leading party organizations." "In many organizations discipline is lax, there is no division between right and wrong, nor between reward and punishment, no one dares criticize those who should be criticized, and those who should be dealt with are not dealt with out of lack of courage on the part of others. These are all fairly serious phenomena." These are problems which are well worth taking note of today. Over recent years there has been clear development and growth of some unhealthy ideas and work styles among the cadre ranks and some cadres are very irresponsible about their work and bureaucratism is very serious. Selfishness and individualism among some cadres has increased and some take advantage of their positions and powers to further themselves, giving themselves preferential treatment. Some individuals even ignore party discipline and the laws of the country and carry out criminal activities in economic areas, engaging in malpractices for selfish ends and corruption of various kinds. Apart from incomplete eradication of the poison left over from the 10 years of internal disorder and the increase in the corrosive effects of the ideologies of the various exploiting classes in the new situation, the reasons for the emergence of these problems can be traced back to slack and weak leadership, insufficiently severe demands on cadres, and so on. These are also important reasons. Today overall party rectification has begun and thus we must integrate studious study of party rectification and understanding of the writings of Comrade Chen Yun, closely relating them to the reality of one's own region and one's own department and thereby solving these problems well. Only in this way can the quality of cadres throughout the party be improved and can there be any clear improvement in fighting strength of the party.

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[Text] To Most Party Members, Party Rectification Means Strengthening Party
Spirit Through Ideological Education

(By Jiang Xiusheng [5592 4423 3932])

In this party rectification, besides eliminating a small number of party members who persistently oppose and endanger the party from the party in accordance with the Central Committee's decision on party rectification, it is important to strengthen the party spirit of the majority of the party members by means of ideological education.

The party spirit of the Communist Party members is the concentrated realization of the class nature of the working class. The working class is a class which is full of revolutionary vitality and is far-sighted, it has developed its fine and distinguished qualities of being selfless, united, and helping each other, being brave and firm and abiding by strict organization and discipline in the course of big industrial production and in the course of the long-term struggle of overthrowing the old system and establishing a new society. Strengthening party spirit means demanding that each Communist Party member possess the ideological awareness and fine quality of the vanguard force of the working class and become qualified and good party members who meet the requirements.

Our party has attached great importance to educating the broad masses of party members on strengthening the party spirit, and has, in the various historical periods, put forth the specific requirements for strengthening party spirit in accordance with the actual situation inside the party. For instance, during the Yanan rectification period, the party Central Committee put forth that subjectivism was a reflection of impure party spirit which was also the major enemy of the Communist Party. The weak party spirit at that time was mainly reflected by whether or not the general Marxist principles could be closely integrated with the actual practice of the Chinese revolution. The reason for this was although correct leadership of the party Central Committee headed by Comrade Mao Zedong had been established

after the Zunyi meeting, the influences of the "leftist" mistakes inside the party were far from eliminated, and since the war of resistance against Japan, the party had absorbed a large number of new members who originated from the petite bourgeoisie. As a result, the problem of impure ideology and malpractices inside the party became prominent and its concentrated reflection was subjectivism which deviated from reality. By rectifying the party work style, all party comrades achieved the fine work style of seeking truth from facts and integrating theories with actual practice, thus laying a foundation for winning a victory in the war of resistance against Japan and the emancipation war.

The current party rectification is an important measure of our party for overcoming its shortcomings, striving for a fundamental turn for the better in party work style, and bringing about a new situation in socialist modernization. Under the new historical conditions, strengthening party spirit means maintaining political unity with the central authorities, correcting the sinister trends of seeking personal privileges with one's official power and bureaucratization, and strengthening the sense of organization and discipline. Fundamentally speaking, it is necessary to establish the life-long ideology of wholeheartedly serving the people and one's sacrificing everything for communism. By means of party rectification, we must enable the broad masses of party members to show remarkable improvement in ideology, politics, and the mental state, enhance their awareness in serving the people and not seeking personal privileges and improve their relationship with the masses. Each party member must spontaneously strive to achieve "remarkable improvements" in these three aspects.

Why do we stress that the broad masses of party members must strengthen party spirit through party rectification? This is because the question of impure party spirit exists to varying degrees among a considerable number of party members. We must have an adequate understanding of this question. First, during our party's transition from the position of being suppressed and massacred to becoming the party ruling over the country, some party members and party cadres slackened their efforts in complying with the strict demands of party spirit, they failed in the new tests that they were faced with during the long period of peace since the success of the revolution, their revolutionary will weakened and so did their concept of serving the people. Second, the destruction caused by the "Great Cultural Revolution" which lasted for 10 years has created serious ideological confusion inside the party. Due to the destruction of the party organization, many party members and party cadres, for a long time, lacked inner-party ideological education, lacked the strict demands and supervision of the party organizations, lacked the restraints of party discipline and the training of judging their sense of party spirit with the standard of Communist Party members. The sinister trend of going astray from the party spirit has grown in many party members and cadres. Third, it is correct for our party, over the last few years, to implement the open-door policy and the policy to enliven the domestic economy. However, some party members and cadres could not withstand the test and were contaminated by the practice of pursuing the bourgeois way of life and the ideology of "viewing everything in terms of money." Fourth, more than 10 million out of the

40 million party members joined the party during the "Great Cultural Revolution." The majority of these party members are good and relatively good. However, what they lack is education in basic knowledge of the party which should have been imparted to them when they joined the party and they lack strict demands as far as training in the party spirit is concerned. Due to the various reasons mentioned above, there exists inside the party the phenomena of individualism which seeks personal privilege with one's official power, bureaucratism which deviates from the masses and reality, hedonism which seeks comfort and fears hardship, liberalism which is lethargic and unprincipled, anarchism which does not observe law and discipline, and cliquism which does not take the overall situation into consideration. All this reflects a shortage of and severe impurities in the party spirit. All this is incompatible with the glorious title of the Communist Party member, and violates the demands of the party's general tasks and goals. In order to achieve a fundamental turn for the better in party work style and turn the party into a firm core which takes the lead in socialist modernization, all party members, with no exceptions and despite whether they are old or new, must attach importance to improving their ideological awareness and strengthening party spirit.

In view of the situation of the party members of some units and localities, only a small number of party members have a high level of party awareness and a strong party spirit, or are lagging behind the others or have committed serious mistakes, the majority of them are in an average position as far as party spirit is concerned. Such comrades have an "average" performance, thinking that they "have not made serious mistakes," and are inclined to be content with the present situation in the course of party rectification, they are not anxious to make advances, some of them are even indifferent to this and adopt a passive attitude. If these party members do not enhance their awareness or change their attitude remarkably, the result of party rectification will be affected and it will also hinder the investigation of the serious problems of the minority of the members. Therefore, in the course of party rectification, it is necessary to promote ideological work for the average party members in order to enrich their knowledge and arouse their spirit to behave in accordance with the standard of the vanguard force of the working class and actively participate in the party rectification. An important symbol of appropriate party rectification is that each party member and in particular, the leading cadres at all levels, must strengthen their party spirit and play exemplary roles in the course of party rectification.

As far as the broad masses of party members are concerned, the main channel for strengthening party spirit is to launch ideological education. Communist ideology will not spontaneously develop in the minds of the people, only by undergoing long-term and effective ideological education and overcoming various kinds of nonproletarian ideas, can we strengthen the party spirit. Our party has the fine tradition of launching ideological education. As early as during the second domestic revolutionary war, Comrade Mao Zedong called for the Gutian congress as there were various nonproletarian ideas existing in the 4th Army of the Red Army, and personally drafted the resolution "On Correcting Erroneous Ideology Inside the Party" to clarify

erroneous viewpoints, enabling the broad masses of party members and fighters of the Red Army to achieve ideological and political unity. The Yanan rectification was a comprehensive, systematic and profound Marxist ideological education movement in the history of our party launched for the sake of rectifying the studying style, the party work style, and the style of literary creations. It has played an important role in strengthening party spirit. The party rectification and the movement of the "three oppositions" and "five oppositions" launched in the initial stage of the liberation of the country have also played constructive roles in educating the broad masses of party members, on strengthening party spirit, and resisting the erosive influence of the bourgeois ideology. The "Great Cultural Revolution" sabotaged such fine traditions. We must restore the party's fine traditions through party rectification and base ourselves upon ideological education in order to bring the active factors into full play and overcome the passive ones. We must correctly sum up both the positive and negative historical experiences. On the one hand, we must avoid repeating the past "leftist" practice of simplifying things and doing things in a rude way, and blindly promoting campaigns, and on the other hand, we must oppose the rightist trend of being weak and lethargic and the laissez-faire trend.

The Central Committee's resolution on party rectification clearly pointed out: "In the course of party rectification, it is necessary to strengthen ideological education from beginning till end and lay stress on improving the ideological awareness of the broad masses of party members." Seriously studying the documents is an important link in improving ideological awareness. Carrying out serious examinations and making criticism and self-criticism on the basis of studying well the documents is the crux of strengthening the party spirit. Article 2 of the party constitution laid the basic requirements of the party members, Article 3 listed the eight obligations that party members must fulfill, and Article 35 put forth six basic conditions for party members and cadres. Each party member and party cadre must comply with these conditions and be brave to launch sincere, profound, and truth-seeking self-criticism against their shortcomings and mistakes. It is necessary to seriously repent and become qualified members and then become good party members. Strict demands come in line with a high standard, each party member must make plans in accordance with the actual situation for fulfilling the standard and guarantee their realization. Leading cadres at all levels must also strictly abide by the party constitution and play exemplary roles.

All Fighters on the Ideological Front Should Become Engineers of the Human Soul

(By Yang Aiyi [2254 7224 0308])

The term "engineers of the human soul" was first put forth by Stalin. In 1932 and in his conversation with the writers, he called the writers "engineers of the human soul." In the speech delivered at the 2d Plenary Session of the 12th party congress, Comrade Deng Xiaoping pointed out: All fighters on the ideological front should become engineers of the human soul.

This is the party's expectation of all comrades engaged in theory, literature and art, education, press, publications, broadcasting, television, mass culture, and other kinds of work.

To us, becoming the engineers of the human soul means upholding the Marxist and socialist banner and using our articles, works, teachings, performances, speeches, and other spiritual products to educate and guide the people to correctly view history, understand the present situation, uphold socialism and party leadership, fervently love the motherland and sacrifice for the socialist modernization cause, and enlighten the people to work hard and make advances. It also means using communist ideology and lofty moral cultivation to influence, educate and transform people, help people establish the communist world outlook and outlook on life, create lofty, pure, wholesome, and beautiful souls and make the people become socialist new people who have ideals, moral cultivation, culture and who abide by discipline.

Becoming the engineers of the human souls is the holy mission given to our fighters on the ideological front by history and is also a strict demand put forth to us by the times. Our country is now situated in a new historical period of realizing socialist modernization, we must build a high level of material civilization as well as a high level of spiritual civilization. All kinds of work in modernization construction depend on the labor of human beings, the ideological realm and mental state of the people greatly influences the building of material civilization. The objective of socialist construction is not only to improve the material life of the people but also to develop the spiritual life of society, enabling the ideological, political, moral, and cultural levels of the people to be improved. This is particularly important when class struggle inside the country still exists to a certain degree and when the corrupt ideology of foreign bourgeoisie and the other exploiting classes is always attacking us. Under such a situation, the struggle of using what kinds of ideology to portray the human souls is very intense. If we ignore the work of educating and transforming people with communist ideology, people will indulge in seeking personal interests, abandoning the great goals and ideals, and losing their motivation and combatting will, thus, they will not be able to resist the invasion of various corrupt factors or will even start on the wrong path of committing crimes. Therefore, our fighters on the ideological front must persist in arming the people's minds with Marxism-Leninism-Mao Zedong Thought, persist in educating the people with communist ideals, moral values and discipline, actively contributing efforts for building socialist spiritual civilization centering on communist ideology. The party requires that we become engineers of the human soul, this means posing a higher demand on us, expecting us to better shoulder this historical mission.

In view of the situation over the last few years, the majority of our comrades on the ideological front are working hard toward this goal and have made remarkable achievements. However, there are a small number of comrades who have forgotten the lofty obligation of educating and transforming people with communist ideology, some of them even corrupt the people's souls with unwholesome ideas, works, and performances. For instance, some comrades

advocate abstract humanism and "socialist alienation," some spread obscene, pessimistic, and negative ideas in their work. Apart from this, the phenomenon of "viewing everything in terms of money" which neglects the social effect, has become quite prominent in certain areas. It is in view of such a situation that Comrade Deng Xiaoping alerted all the fighters on the ideological front to sincerely fulfill the lofty obligation of becoming the engineers of the human soul.

The ideological front is an important front in the socialist cause, the various work of the ideological front and the various spiritual products have great influence over the ideological beliefs, political ideals, moral concepts, work attitudes, and the temperament and interests of the people. Even entertainment for the people is educational, exerting an imperceptible influence on the souls of the people. Good spiritual products are food, medicines, and signposts which respectively give people strength, heal trauma, and indicate directions for advancement. However, the poor products are like opium, poisonous wine, and traps which make people feel depressed, become pessimistic, and commit crimes. We all know that in the past revolutionary war years, some youths were influenced by certain books on Marxism or advanced literature and art works and thus proceeded on the revolutionary road, but now, many youths are influenced by the corrupt ideas of the bourgeoisie or obscene articles and thus proceed on the wrong path of committing crimes. These are of course extreme examples, but from such clear comparisons, we can more profoundly understand the importance of using advanced and wholesome ideas to portray the human soul.

The proletarian revolutionary teachers Marx, Engels, Lenin, and Mao Zedong are the most outstanding engineers of the human soul. Their theories and practices not only paved the way for our transforming the objective world but also showed the way for our transforming the subjective world. Comrade Mao Zedong has consistently attached great importance to the work of educating people with communist ideology. He taught us to follow the example of Bai Qiuwen, Chang Ende and Lei Feng to establish the communist world outlook, wholeheartedly serve the people, and make ourselves become esteemed and pure people and people who have a high moral standard. Mr Lu Xun was also an outstanding engineer of the human soul. His shifting from practicing medicine to writing articles and his efforts in literary creation were to reform the sick society and heal the souls of the Chinese people.

The work of portraying the human soul is great and lofty but is also extremely difficult. We must make great efforts in order to become real engineers of the human soul.

First, we must seriously study Marxism-Leninism-Mao Zedong Thought and firmly establish the communist world outlook. The educators must first be educated. We must first correct ourselves before correcting others. Some comrades are ideologically confused and their spiritual products publicize certain erroneous concepts. One important factor accounting for this is that they have slackened in the Marxist studies, failed to grasp a scientific world outlook, and the theory on methodology, thus they are unable to correctly sum up historical teachings or to understand the actual life. They

are also unable to draw a demarcation line between truth and deceitfulness, goodness and badness, beauty and ugliness, and they lack the ability to distinguish and resist the erosion of the various bourgeois ideas. We cannot presume that one who has a vague understanding of Marxism and who doubts the communist ideals will become a real engineer of the human soul.

Second, it is very important to study and critically inherit the human cultural heritage at all times and in all countries. Lenin said, only by enriching our minds with the intellectual wealth created by human beings can we become communists. Portraying the human soul is a very complicated task. We must not only help the people master the Marxist world outlook and theory of methodology, improve the people's ideological awareness and arouse the people's fervent love for the country, but must also enrich their minds with the fine human cultural heritage, educate and influence the people with various outstanding spiritual products, enabling them to completely shake off the shackles of old ideas, and become active construction workers of socialist spiritual civilization. In order to achieve this, we must have a firm academic foundation and professional skills, otherwise it is hard to fulfill the task.

Finally, to become a good engineer of the human soul, it is necessary to have a high sense of social responsibility. To create spiritual products, we must be serious and meticulous, seek perfection and refrain from working in a rough and slipshod way. We must take the social effect into consideration, and absolutely refrain from seeking fame and wealth or catering to the low taste of certain people. We must learn from Marx the lofty ideological realm of "thinking that the best of ourselves is not good enough for the workers," and learn from Mr Lu Xun and take the possible effects on the readers into consideration when we write. Only when we have such a high sense of responsibility can we strive to create better spiritual products for the people and will these products be conducive to purifying, not polluting, the soul of the people.

CSO: 4004/71

SEVERAL VIEWS ON THE ARTICLE 'INITIAL PROBING INTO THE QUESTION OF INTEGRATION OF THE TEXTILE INDUSTRY OF THE SHANGHAI ECONOMIC ZONE'

Beijing RED FLAG in Chinese No 7, 1 Apr 84 p 48

["Letter to the Editor" from Xu Zufan [6079 4371 5400] of the Party History Office, Anhui Provincial CPC Committee]

[Text] This article [refers to article carried in RED FLAG, No 2, 1984] has keen insight on work study. I have benefited very much from reading it. The article is good at dealing with concrete matters related to the work and I agree with many of the views in it. It would be much better if the second part probed deeper. I have the following views:

1. It is right to give play to advantages and form a network. As to how to form a network, several plans may be conceived, but no matter what kind of plan it is, the crux seems to lie in satisfactorily carrying out and grasping enterprise integration. If this problem cannot be solved, it will be hard to avoid a failure to evenly share advantages, the network will likely be limited, and it will also be difficult to really develop "key" and "best" products. It will be even more difficult to promote the reform of the organization system and to actually make the whole area's economy an organic whole. Therefore, it seems better today to make the question of enterprise integration more clear and definite.
2. I quite agree that in order to achieve integration, it is necessary to have a division of labor in specialized trades, but since it is necessary to have a division of labor in specialized trades, a rational layout will be a problem. The layout of enterprises differs from that of industries. In deciding the layout of enterprises, it is necessary for there to be a trial stage, but generally speaking, the satisfactory professional division of labor is determined by a rational layout. The more rational the layout, the better the results of investment and technological transformation, and the quicker the formation of new productive forces.
3. It is right for each enterprise to form its respective key units and to link them into a complete set. However, it seems that the precondition for this should be the forming of various enterprises into combinations of specialized companies, general factories, and productive cooperatives, thus giving rise to new productive forces. "Key" products should not be produced

under the situation of separation between areas and departments, but all advantages must be fully utilized in the production, whether managed in a unified or a separate manner. The production of these kinds of products cannot be achieved by relying only on the method of "choosing an advantageous integration." Only by so doing can an overall advantage really emerge. Otherwise, it will still be hard to avoid the malpractice of "internal strife" and "outflow of profits."

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ON VIGOR IN ACTION

Beijing RED FLAG in Chinese No 7, 1 Apr 84 inside back cover

[Article by Chu Ruigeng [0328 3843 5087]]

[Text] Vigor in action is the work style of being bold and resolute in action. If it is said that a leader should possess various attributes of character and morals then I would say that vigor, or boldness and resoluteness, in action is a most important attribute.

In our daily life, we often meet the following type of leader: He knows how to "give rise" to "benefits," but his objective is shallow; he does not exert sufficient pressure and therefore cannot accomplish outstanding results. He also knows how to avoid or remove "defects" or disadvantages, but, like using a dull knife to cut meat, the purpose can hardly be served. Also, he knows what is right or wrong but dares not loudly eulogize what is right and fails to boldly criticize what is wrong. In short, when he is confronted with an issue, he is hesitant in making a decision, being fussy and shilly-shally and generally displaying a lukewarm or indifferent mood. If there are too many leaders of this type who are without any vigor in their action, we can hardly accomplish anything. This is because, concerning many things "if a decision is not made at once, then confusion will rule." Can we cite a case in which people without any vigor in action are in control but still are able to create a new and fresh situation? The answer is no! Is it possible to promote economic development without being bold and resolute? Without vigor in action, can we carry out any reforms? Devoid of boldness and resoluteness, will it be at all possible to do a good job of liquidating the "three categories of people"? And can party rectification be successful without vigor in action? The answer to these questions is an emphatic "no."

Some people believe that it is difficult for leaders to be bold in action when tending to affairs, since failure may bring about tragic consequences. True, such a risk does exist. In reality, world affairs are complex in nature. There are many contradictions. You cannot find the root of things. Sometimes, the roots of things are ever-hiding and we can hardly discern one end from the other. It is indeed true that if one is brave but thoughtless and fails to grasp the real situation, he is liable to commit certain errors. Without being abreast of the whole situation, it is impossible to make a bold and resolute decision; and, indeed, as in a chess game, a wrong move may make you

lose the game. For this reason, to cultivate the character of being bold and resolute, it is necessary to improve one's theoretical level in Marxism-Leninism and in the art and way of leadership. The way to bring this about is to be all the time in liaison with the masses, to explore deep into realities, to conduct investigation and research and to grasp first-hand data and information. Wise decisions can be made only through being talented in many ways.

However, does it mean that possession of all these attributes automatically means that one has vigor in action? Not necessarily so! We have often seen certain leaders who are "talented" and have the "know-how" but lack vigor in action. They have grasped the situation, learned which is right or wrong, and have also asserted a definite principle, but they do not dare to boldly go about their jobs. What is the reason? The reasons are many. Of them, an important one is that they have not done away with self-interest. Hence, I believe that regardless of whether or not one has vigor in action and how much vigor he can display, sometimes what is principally important is not the level of knowledge or the method of work but his view of life and his party character. If self-interest occupies the top place, vigor in action will inevitably be small. If public spirit is on the upper hand, then vigor in action will necessarily be great. In deliberations and work, if everything is done for the sake of the interests of the party and people and if only one can disregard that this may incur the displeasure or even hatred of certain people or may so displease his boss as to put himself in jeopardy or make him lose his job, then truly he has vigor in action. In short, if one can remove self-interest, fear nothing, and employ scientific methods to tackle one's jobs, then he not only has vigor in action but also has a great deal of vigor in action.

Lenin once said: Within a district even though there are only two or three comrades with vigor in action, success can be ensured. His words amply illustrate the relations between leaders who have vigor in action and the overall situation. Each and every comrade in a responsible position should make the utmost efforts to make of himself a leader who has vigor in action.

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A CLEAR-CUT STAND, SEEKING TRUTH FROM FACTS--REVIEWING 'BRIEF DISCUSSION ON MAO ZEDONG THOUGHT'

Beijing RED FLAG in Chinese No 7, 1 Apr 84 outside back cover

["Book review" by Zhong Li [1783 2885]]

[Text] The book "Brief Discussion on Mao Zedong Thought" (published by the Shanghai People's Publishing House) compiled by Comrades Ma Zhibin [7456 7871 1755] and Chen Dengzhai [7115 4098 2088] is a publication that presents a relatively clear and substantial discourse on Mao Zedong Thought. This book endeavors to make correct views and take a clear-cut stand, seeking truth from facts in discoursing on problems of great concern to people--problems on the interpretation, evaluation, insistence on and development of Mao Zedong Thought.

The book makes a comparatively detailed elucidation of Mao Zedong Thought as a combined product of the universal principle of Marxism-Leninism and the actual practices of the Chinese revolution. In combination with the history of China's revolution and construction, it discusses the illustrious course of the budding, formation, maturing, and development of Mao Zedong Thought, and in separate sections explains the basic doctrine and the lively soul of Mao Zedong Thought. This book emphatically points out that in the actual practices in China's revolutionary struggles only through the utilization and development of Marxism-Leninism and making it Chinese and national was it possible to achieve successes in the revolution. Mao Zedong Thought furnishes a scientific generalization of the utilization and development of Marxism-Leninism in China and the experiences of China's revolution and construction. For example, Mao Zedong, taking China's historical condition and social condition to start with, searchingly studied the special features and laws of the Chinese revolution, developed the theory of Marxism-Leninism concerning the proletariat's power of leadership in the democratic revolution, and created the doctrine of a new democratic revolution led by the proletariat, belonging to the people's masses, and opposed to imperialism, feudalism, and bureaucratic-capitalism; in the course of the socialist revolution and construction, he advocated the ideology of the people's democratic dictatorship, ideologies concerning socialist restructuring in conformity with China's special characteristics, ideologies pertaining to the correct demarcation and handling of the two types of social contradictions, ideologies concerning the road of China's industrialization, and so on and so forth, all of which constitutes scientific conclusions derived from the

application and utilization of the stand, viewpoint, and methodology of Marxism-Leninism and from actual practices in China's revolution and construction. Mao Zedong Thought has a rigid scientific character, is intensively revolutionary, and constitutes the product of the collective wisdom of the Communist Party of China. It has been formed by Comrade Mao Zedong on the basis of the experiences of the party's and the people's collective struggles and the concentration of the collective wisdom of the party's many leaders. A firm insistence on the combination of the universal principle of Marxism-Leninism and the concrete practices in China's revolution is the scientific road to the formation and development of Mao Zedong Thought. It is also the scientific road for our continuance, from now on, in enriching and developing Mao Zedong Thought.

This book has clear-cut viewpoints which conform with reality. Reading through the entire volume will be of immense help in correctly evaluating Mao Zedong Thought, understanding its formation and development, learning the basic experiences of our party in its guidance of China's revolution and construction, acquiring a comprehensive and correct knowledge of the basic theories of Mao Zedong Thought, and continuing to enrich and develop Mao Zedong Thought in actual practice.

The first several sections of this book are well written with a rather comprehensive coverage. In comparison, the fourth section needs to be further developed. If meant for supplementary reading and learning purposes it still has certain deficiencies in respect to linking together realities, stressing points of opposition, and making ordinary or colloquial interpretations. Hence, greater efforts should still be made.

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